INDEPENDENT AUDITOR'S REPORT

To
The Member of **Spark Minda Green Mobility Systems Private Limited**
Report on the audit of the standalone financial statements

Opinion

We have audited the accompanying standalone financial statements of Spark Minda Green Mobility Systems Private Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2022, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Information other than the financial statements and auditors' report thereon

• The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

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

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

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

Management's responsibility for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

(c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) Since the Company's turnover as per last audited financial statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs.25 Crores, the Company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls vide notification dated June 13, 2017; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
a. The Company does not have any pending litigations which would impact its financial position;
b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For M/s S S A And Associates
Chartered Accountants
FRN:032475N

SSA AND ASSOCIATES
FRN:032475N
New Delhi
Chartered Accountants

CA. Shanker Lal Singal
Proprietor
M.No.. 081439
UDIN. 22081439AKJDGH6167

Date : 14-05-2022
Place: Delhi

ANNEXURE-A TO INDEPENDENT AUDITOR'S REPORT

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

The Annexure referred to in our Independent Auditors' Report of even date to the Members of the Company on the Financial Statements as of and for the Year ended 31st march, 2022

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right to use the assets.

(B) The company does not have any intangible assets and hence reporting under the provisions of Clause 3(i)(a)(B) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.

(b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets at reasonable intervals; According to the information and explanations given to us, no material discrepancies were

(c)The company does not have any immovable property and hence reporting under the provisions of Clause 3(i)(c) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.

(d)The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.;

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any

benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Companies (Auditor's Report) Order, 2020 is not applicable.

(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Companies (Auditor's Report) Order, 2020 is not applicable.

(iii) The company has made investments in companies, firms, Limited Liability Partnerships or any other parties, during the year, in respect of which:

(a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause 3(iii)(a) of the Companies (Auditor's Report) Order, 2020 is not applicable.

(b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.

(c) The Company has not provided any loans and advances in the nature of loans, during the year, and hence reporting under clause 3(iii)(c) of the Companies (Auditor's Report) Order, 2020 is not applicable.

(d) The Company has not provided any loans and advances in the nature of loans, during the year, and hence reporting under clause 3(iii)(d) of the Companies (Auditor's Report) Order, 2020 is not applicable.

(e) The Company has not provided any loans and advances in the nature of loans, during the year, and hence reporting under clause 3(iii)(e) of the Companies (Auditor's Report) Order, 2020 is not applicable.

(f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) of the Companies (Auditor's Report) Order, 2020 is not applicable

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. hence reporting under clause 3(v) of the Companies (Auditor's Report) Order, 2020 is not applicable.

(vi) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Companies (Auditor's Report) Order, 2020 is not applicable.

(vii) (a)In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us by the management, and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Companies (Auditor's Report) Order, 2020 is not applicable.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Companies (Auditor's Report) Order, 2020 is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.

(x)(a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Companies (Auditor's Report) Order, 2020 is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Companies (Auditor's Report) Order, 2020 is not applicable.

(xi) (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year (and upto the date of this report), while determining the nature, timing and extent of our audit procedures as no complain has been received during the year.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of The Company is not a Nidhi Company and hence reporting under clause (xii) of the Companies (Auditor's Report) Order, 2020 is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a)(b) The company is not required to appoint internal auditor and hence reporting under clause (xiv)(a) and (b) of the Companies (Auditor's Report) Order, 2020 is not applicable.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a),(b) and (c) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of of the Companies (Auditor's Report) Order, 2020 is not applicable.

(d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of of the Companies (Auditor's Report) Order, 2020 is not applicable.

(xvii) The company has incurred cash losses amounting to Rs. 3,20,28,934/- in the current financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our

xx)(a)and (b) In our opinion provision of section 135 of the Companies Act, 2013 Hence, reporting under clause 3(xx)(a) and (b) of of the Companies (Auditor's Report) Order, 2020 is not applicable.

For M/s SSA AND ASSOCIATES
CHARTERED ACCOUNTANTS
FRN:032475N

SSA AND ASSOCIATES Chartered Accountants FRN:032475N New Delhi

CA SHANKER LAL SINGAL
Partner
M.No.. 081439
UDIN. 22081439AKJDGH6167

Date : 14-05-2022
Place: Delhi

Annual Report

Financial Year 2021-22

Spark Minda Green Mobility Systems Private Limited

Spark Minda Green Mobility Systems Private Limited

Standalone Balance Sheet as at 31 Mar 2022

Particulars	Note	As at 31 Mar 2022
ASSETS		
Non-current assets		
Property, plant and equipment	3	2,983,901
Capital work-in-progress		-
Intangible assets		-
Right of use asset		-
Financial assets		
i. Investments	4	54,599,370
ii. Loans		-
iii. Other financial assets		-
Income tax assets (net)		-
Deferred tax assets (net)	5	5,473,947
Other non-current assets		-
		63,057,218
Current assets		
Inventories		-
Financial assets		
i. Trade receivables	6	5,424,757
ii. Cash and cash equivalents	7	10,389,390
iii. Loans		-
iv. Other financial assets	8	17,818
Other current assets	9	6,258,088
		22,090,053
TOTAL		**85,147,271**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	10	98,000,000
Other equity	11	(26,446,712)
Total equity		**71,553,288**
LIABILITIES		
Non-current liabilities		
Provisions	12	695,548
Other non-current liabilities		-
Lease Liability		-
		695,548
Current liabilities		
Financial liabilities		
i. Borrowings		-
ii. Trade payables		
- Total dues of micro and small enterprises		-
- Total dues of creditors other than micro and small enterprises	13	10,920,158
iii. Other financial liabilities		-
Lease Liability		-
Other current liabilities	14	1,328,613
Provisions	15	649,664
Current tax liabilities (net)		-
		12,898,435
TOTAL		**85,147,271**
Significant accounting policies	2	-

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For **SSA and Associates**
Chartered Accountants
Firm registration number: 032475N

SSA and Associates Chartered Accountants FRN:032475N New Delhi

CA. Shanker Lal Singal
Partner
Membership No.: 081439
UDIN:- 22081439AKJDGH6167

Place: Delhi
Date: 14-05-2022

For and on behalf of the Board of Directors of
Spark Minda Green Mobility Systems Private Limited

Aakash Minda
Director
(DIN 06870774)

Suresh Dorai Nadar
Director
(DIN 07919974)

Place: Delhi
Date : 14-05-2022

Spark Minda Green Mobility Systems Pvt. Ltd. E-5/2, Chakan Industrial Area, Phase - III, M.I.D.C., Nanekarwadi

Spark Minda Green Mobility Systems Private Limited
Statement of Standalone Profit and Loss for the period ended 31 Mar 2022

Particulars	Note	For the year ended 31 Mar 2022
Income		
Revenue from operations	16	4,597,252
Other Income	17	276,057
Total Income		**4,873,309**
Expenses		
Cost of materials consumed		
Purchases	18	4,365,955
Changes in inventories of finished goods, stock-in-trade and work-in-progress		-
Employee benefit expense	19	16,039,077
Finance costs		-
Depreciation and amortisation expense	3	79,605
Other expenses	20	16,497,211
Total expenses		**36,981,848**
Profit before tax		**(32,108,539)**
Tax expense		
- Current tax	21	-
- Taxes for earlier years		-
- Deferred tax credit	21	(5,506,187)
Profit for the year		**(26,602,352)**
Other comprehensive income		
Item that will not be reclassified subsequent to profit & loss		
Remeasurement Gain /(loss) of defined benefit obligation.		187,880
Income tax relating to items that will not be reclassified to profit and loss		(32,240)
Other comprehensive income for the year		**155,640**
Total comprehensive income for the year		**(26,446,712)**
Earnings per equity share of Rs. 10 per share		
Earnings per share (Rs.) (Basic)	11.1	(7.82)
Earnings per share (Rs.) (Diluted)	11.1	(7.82)
Significant accounting policies	2	
The accompanying notes form an integral part of the financial statements		

As per our report of even date attached

For **SSA & Associates**
Chartered Accountants
Firm registration number: 032475N

FRN:032475N New Delhi SSA & Associates Chartered Accountants

CA. Shanker Lal Singal
Partner
Membership No.: 081439
UDIN: 22081439AKJDGH6167

Place: Delhi
Date: 14-05-2022

For and on behalf of the Board of Directors of
Spark Minda Green Mobility Systems Private Limited

Aakash Minda
Director
(DIN 06870774)

Suresh Dorai Nadar
Director
(DIN 07919974)

Place: Delhi
Date : 14-05-2022

Spark Minda Green Mobility Systems Pvt. Ltd. * E-5/2, Chakan Industrial Area, Phase - III, M.I.D.C., Nanekarwadi

Spark Minda Green Mobility Systems Private Limited
Cash flow Statement for the year ended 31 Mar 2022

Particulars	For the year ended 31 Mar 2022
A. Cash flow from operating activities	
Net profit before taxation	(32,108,539)
Adjustments for:	
Depreciation and amortisation expense	79,605
Allowance for expected credit loss	-
Finance costs	-
Interest income on financial assets	(276,057)
Operating profit before working capital changes	**(32,304,991)**
Adjustments for:	
(Increase)/ Decrease in trade receivables	(5,424,757)
(Increase)/ Decrease in inventories	-
(Increase)/ Decrease in loans, other assets and other financial assets	(17,818)
(Increase)/ Decrease in other assets	(11,732,035)
Increase/ (Decrease) in trade payables	10,920,158
Increase/(Decrease) in other financial liabilities	1,328,613
Increase / (Decrease) in other liabilities	-
Increase in provisions	1,533,092
Cash generated from operations	**(35,697,738)**
Income tax paid	5,473,947
	(30,223,791)
Less Classified to OCI	
Net cash generated from operating activities (A)	**(30,223,791)**
B. Cash flows from investing activities	
Purchase of property, plant and equipment	(3,063,506)
Sale of property, plant and equipment	-
Purchase of Investment	(54,599,370)
Investment in Bank Deposits	(5,500,000)
Interest received	276,057
Net cash used in investing activities (B)	**(62,886,819)**
C. Cash flows from financing activities	
Issue of Equity Share Capital	98,000,000
Payment of dividend (including dividend distribution tax)	-
Repayment of term loan	-
Movement in working capital loan (net)	-
Interest paid	-
Net cash used in financing activities (C)	**98,000,000**
Net decrease in cash and cash equivalents (A + B + C)	**4,889,390**
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	**4,889,390**

Notes to Cash Flow Statement:

Flow" specified under
Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

2. Cash and cash equivalents consists of cash in hand and balances with scheduled banks. Refer note 7

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For **and on behalf of the Board of Directors of**
Spark Minda Green Mobility Systems Private Limited

***For* SSA & Associates**
Chartered Accountants
Firm registration number: 032475N

CA Shanker Lal Singal
Partner
Membership No.: 087439
UDIN- 22081439AKJDGHC167

Place: Delhi
Date: 14-05-2022

Aakash Minda
Director
(DIN 06870774)

Suresh Dorai Nadar
Director
(DIN 07919974)

Place: Delhi
Date : 14-05-2022

SSA AND ASSOCIATES Chartered Accountants FRN 032475N New Delhi

Spark Minda Green Mobility Systems Pvt. Ltd. E-5/2, Chakan Industrial Area, Phase - III, M.I.D.C., Nanekarwadi

Spark Minda Green Mobility Systems Private Limited

Standalone Statement of Changes in Equity for the year ended 31 March 2022

A. Equity share capital

Particulars	Amount
Balance as at Feb 22, 2021	-
Changes in equity share capital during the year	98,000,000
Balance as at 31 March 2022	**98,000,000**

B. Other equity

Particulars	Other equity			Items of Other Comprehensive Income	Total
	Capital reserve	General reserve	Retained earnings	Remeasurement of defined benefit obligations	
As at Feb 22, 2021	-	-	-	-	-
Profit for the year	-	-	(26,602,352)	-	(26,602,352)
IndAs Adjustments	-	-	-	-	-
Other comprehensive income (net of tax)	-	-	-	155,640	155,640
Total comprehensive income for the year	-	-	**(26,602,352)**	**155,640**	**(26,446,712)**
Employee stock compensation expense	-	-	-	-	-
Dividend and dividend distribution tax paid	-	-	-	-	-
Balance as at 31 March 2022	-	-	**(26,602,352)**	**155,640**	**(26,446,712)**

(1) Refer note for nature and purpose of other equity.

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For **SSA & Associates**
Chartered Accountants
Firm registration number: 032475N

SSA AND ASSOCIATES FRN:032475N New Delhi Chartered Accountants

CA. Shanker Lal Singal
Partner
Membership No. 081439
UDIN: 22081439AKJDGH6160

Place: Delhi
Date: 14-05-2022

For **and on behalf of the Board of Directors of Spark Minda Green Mobility Systems Private Limited**

Aakash Minda
Director
(DIN 06870774)

Suresh Dorai Nadar
Director
(DIN 07919974)

Place: Delhi
Date: 14-05-2022

Spark Minda Green Mobility Systems Pvt. Ltd. E-5/2, Chakan Industrial Area, Phase - III, M.I.D.C., Nanekarwadi

11 Other equity

Particulars	As at 31 Mar 2022
Retained Earnings	
Opening balance	-
Add: Net profit for the year	(26,634,592)
Less: Dividend and tax thereon paid during the year	-
Less: IND AS Adjustment	-
Balance at the end of the year	**(26,634,592)**
Other comprehensive income - Remeasurement of net defined benefit plans, net	
Opening balance	-
Add : Remeasurement of define benefit obligation	187,880
Closing balance	**187,880**
Total	**(26,446,712)**

Nature and purpose of other equity

11.1 Earning Per Share

Particulars	For the year ended 31 Mar 2022
Net profit for the year attributable to the equity shareholders	
Profit after tax	(26,602,352)
Number of weighted average equity shares	
Basic	3,401,309
Diluted	3,401,309
Nominal value of equity share (Rs.)	10
Earnings per share (Rs.) (Basic)	(7.82)
Earnings per share (Rs.) (Diluted)	(7.82)

 # Remeasurements of defined benefit obligation

Remeasurements of defined benefit obligation comprises actuarial gains and losses and return on plan assets.

3 Property, plant and equipment

	Gross block				Accumulated depreciation				Net block
	Balance as at 22 Feb 2021	Additions	Disposals	Balance as at 31 Mar 2022	Balance as at 22 Feb 2021	Depreciation for the year	On disposals	Balance as at 31 Mar 2022	Balance as at 31 Mar 2022
	(a)	(b)	(c)	(d) = (a+b-c)	(e)	(f)	(g)	(h) = (e+f-g)	(i) = (d-h)
Tangible assets									
Plant and equipment		175,800	-	175,800		2,784	-	2,784	173,017
Furniture and fixtures		965,856		965,856		22,939	-	22,939	942,917
Computer hardware		1,921,850		1,921,850		53,882	-	53,882	1,867,968
Total (A)	-	**3,063,506**	-	**3,063,506**	-	**79,605**	-	**79,605**	**2,983,901**
Capital work-in-progress	-	-	-	-	-	-	-	-	-
Total (B)	-	-	-	-	-	-	-	-	-
Total (A+B)	-	**3,063,506**	-	**3,063,506**	-	**79,605**	-	**79,605**	**2,983,901**

Spark Minda Green Mobility Systems Private Limited
Notes to the Standalone financial statements for the year ended 31 Mar 2022

4 **Investments**

Particulars	As at 31 Mar 2022
Non-current	
Investments in EVQPoint Solutions Private Limited	54,599,370
(8387 Shares of Face Value of Rs 10 Each)	
	54,599,370

5 **Deferred tax assets**

Particulars	As at 31 March 2022
Deferred tax assets	
- Property, plant and equipment	(62,847)
- Provision for employee benefits	24,157
Losses Carry Forward	5,370,922
- Others	141,716
Deferred tax assets	**5,473,947**

6 **Trade receivables**

Particulars	As at 31 Mar 2022
Unsecured	
- Considered good	5,424,757
- Considered doubtful	-
Receivables from related parties	-
	5,424,757

Break-up for security details:

Particulars	As at 31 Mar 2022
Trade receivables	
Secured, considered good	-
Unsecured, considered good	5,424,757
Trade Receivables which have significant increase in credit risk	-
Trade Receivables - credit impaired	-
	5,424,757

Trade receivables Ageing Schedule#
As at 31 March 2022

	Curent but not due	Outstanding for following periods from due date of payment			
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years
Undisputed Trade Receivables – considered good	5,424,757	-	-	-	-
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-
Total	5,424,757	-	-	-	-

7 **Cash and cash equivalents**

Particulars	As at 31 Mar 2022
Balances with bank	
-On current account	4,889,390
- Deposits with original maturity of less than three months	-
Other bank balances(Fixed Deposits)	5,500,000
	10,389,390

8 Other financial assets

Particulars	As at 31 Mar 2022
Interest accrued on fixed deposits	17,818
Advances to employees	-
	17,818

9 Other Current assets

Particulars	As at 31 Mar 2022
Current Assets	
Advance to suppliers	54,456
Prepaid expenses	912,447
Balance with government authorities	5,291,185
	6,258,088

10 Share capital

Particulars	As at 31 Mar 2022
Authorised	
100,00,000 equity shares of Rs. 10 each	100,000,000
	100,000,000
Issued, subscribed and fully paid	
98,00,000 equity shares of Rs.10 each, fully paid up	98,000,000
	98,000,000

10.1 Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 Mar 2022	
	Number	Amount
Balance as at the beginning of the year (face value Rs. 10 per share)	-	-
Add: Issued during the year (face value Rs. 10 per share)	9,800,000	98,000,000
Balance as at the end of the year [face value of Rs. 10 each)]	**9,800,000**	**98,000,000**

10.2 Rights, preferences and restrictions attached to equity shares.

The Company has equity shares of having face value of Rs.10/- for each share. Each shareholder is eligible for one vote for each share held. The dividend proposed by the Board of Directors, if any, is subject to the approval of shareholders in the ensuing Annual general meeting. In the event of the liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, in proportion of their shareholding, after distribution of all preferential amounts.

10.3 Details of shareholders holding more than 5% shares in the Company

i) Equity shares of Rs. 10 each fully paid up

	As at 31 Mar 2022	
	Number of shares	% of total shares in the class
Minda Corporation Limited and its nominees	9,800,000	100.00%

10.4 Details of shares held by promoters

i) Equity shares of Rs. 10 each fully paid up

	As at 31 Mar 2022	
	Number of shares	% of total shares in the class
Minda Corporation Limited and its nominees	9,800,000	100.00%

12 Long-term provisions

Particulars	As at 31 Mar 2022
Provision for employee benefits	
- Gratuity	294,198
- Leave encashment	401,350
	695,548

13 Trade payables

Particulars	As at 31 Mar 2022
Trade payables	
- Total dues of micro and small enterprises	-
- Total dues of creditors other than micro and small enterprises	2,916,538
'-Trade payables to related parties (refer to note 24)	6,541,117
'-Expenses Payable	1,462,503
	10,920,158

Trade payables Ageing Schedule#
As at 31 March 2022

	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	9,457,655	-	-	-	9,457,655
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Expenses Payable	1,462,503	-	-	-	1,462,503
	10,920,158	-	-	-	**10,920,158**

14 Other current liabilities

Particulars	As at 31 Mar 2022
Advance from customers	-
Statutory dues payable	1,328,613
	1,328,613

15 Current provisions

Particulars	As at 31 Mar 2022
Provision for employee benefits	
- Gratuity	345,761
- Compensated absences	303,903
	649,664

16 Revenue from operations

Particulars	For the year ended 31 Mar 2022
Sales	4,597,252
Other operating revenues	-
	4,597,252

17 Other Income

Particular	For the year ended 31 Mar 2022
Interest income	276,057
	276,057

18 Purchase Consumed

Particulars	For the year ended 31 Mar 2022
Opening stock	-
Add: Purchases during the year	**4,365,955**
	4,365,955
Less: Closing stock	-
	4,365,955

19 Employee benefits expenses

Particulars	For the year ended 31 Mar 2022
Salaries and wages	13,500,052
Contribution to Provident and other funds	
- Provident fund and other funds	1,062,844
- Gratuity fund	252,901
- Comp Absence	213,271
Staff welfare expenses	1,010,009
	16,039,077

20 Other expenses

Particulars	For the year ended 31 Mar 2022
R&D Expenses	12,135,063
Repair and maintenance	8,820
Audit Fee	75,000
Preliminary Expenses	1,032,310
Management Fees	2,400,000
Insurance	102,750
Travelling & Conveyance	323,233
Vehicle Maintenance	204,409
Communication expenses	1,500
Bank charges	51,071
Computer Expenses	45,750
Miscellaneous expenses	117,305
	16,497,211

20.1 Research & Development Expenses

The Company has incurred following expenditure on its in house Research & Development Centere:

Particulars	For the year ended 31 Mar 2022
R& D Expenses	2,142,000
Consumable consumption	776,288
Testing Expenses	4,278,449
Professional Expenses	4,938,326
	12,135,063

Note:- There is no any effective result as such came out of our Research & Development Therefore the entire R&D Expenses will be treated as revenue expenditure.

Note (i) : Payment to auditors

Particulars	For the year ended 31 Mar 2022
Fees for statutory audit	75,000
	75,000

21 Income tax

A. Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2022
Current tax	
Current tax	-
Adjustments in respect of current income tax of previous years	-
	-
Deferred tax	
Origination and reversal of temporary differences	(5,506,187)
	(5,506,187)
Income tax expense reported in the statement of profit and loss	**-5,506,187**

B. Unrecognised deferred tax assets

Particulars	For the year ended 31 March 2022
Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available	
Impairment loss on investments	-
Loss allowance on loans and receivable from related parties	-
Provision for Corporate Guarantee	-
	-
Unrecognised tax effects	
The deductible temporary difference do not expire under current tax legislation	-

C. Amounts recognised in other comprehensive Income/ (expense)

Particulars	For the year ended 31 March 2022
Remeasurement of post employment benefit obligation	32,240
Income tax recognised in other comprehensive income/(expense)	**32,240**

D. Reconciliation of effective tax rate

Reconciliation of tax expense and the accounting profit/ (loss) multiplied by India's domestic tax rate for the year ended 31 March 2022

Particulars	For the year ended 31 March 2022	
		Amount
Profit/(loss) before income tax		**(32,108,539)**
Tax using the Company's domestic tax rate	17.16%	(5,509,825)
Tax effect of:		
Provision for impairment of investments and receivable	-	
Non-deductible expenses	0.01%	3,638
Non-taxable income	-	
Tax-exempt income - Dividend income	-	
Tax incentives - 80IC, 80IA and 80JJAA deduction	-	
Tax adjustment for earlier years	-	
Effect of change in tax rate	-	
Others		
Effective tax rate	**17.17%**	**-5,506,187**

E. Movement of temporary differences

Particulars		As at 22 Feb 2021	Recognised in profit or loss during 2021-22	Recognised in OCI during 2020-21	Impact of change in tax rate	Recognised in retained earnings during 2021-22	As at 31 March 2022
Deferred Tax Assets							
Accrued expense deductible on payment		-		-	-	-	-
Provision for gratuity and compensated absences		-	56,397	-32,240	-	-	24,157
Carry Forward of Losses			5,370,922				5,370,922
Loss allowance for trade receivables and advances		-		-	-	-	-
Impact of IndAS 116				-	-	-	-
Fair valuation of derivatives							
Brought forward losses							-
Fair valuation of investments							
Others			141,716				141,716
	A	-	**5,569,035**	**-32,240**	-	-	**5,536,794**
Deferred Tax Liabilities							
Difference in book written down value and tax written down value of property, plant and equipment		-	62,847	-	-	-	62,847
Excess of allowance for lease rentals under income tax law over depreciation and interest charged on the leased assets in the books		-	-	-	-	-	-
Others		-	-	-	-	-	-
	B	-	**62,847**	-	-	-	**62,847**
Net deferred tax	**(A)-(B)**	-	**5,506,188**	**(32,240)**	-	-	**5,473,948**

22 Employee benefits

a) Defined contribution plans

The Company's employee provident fund and Employee's state insurance schemes are defined contribution plans. The following amounts have been recognised as expense for the year and shown under Employee benefits expense in note 20.

Particulars	For the year ended 31 March 2022
Contribution towards	
-Provident fund	1,054,639
-Employee state insurance	-
-Superannuation fund	
-Other funds	
	1,054,639

b) Defined benefit plans Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity as a defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested period of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Company contributes the ascertained liability to Life Insurance Corporation of India by whom the plan assets are maintained. Gratuity liability is provided to the extent not covered by the funds available in gratuity fund.

The following table sets out the status of gratuity obligation

Particulars	As at 31 March 2022
Net gratuity liability	639,959
Non-current	294,198
Current	345,761
	639,959

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

Particulars	For the year ended 31 March 2022
Present value of defined benefit obligation at the beginning of the year	-
Interest cost	41,338
Acquisition Adjustment	574,938
Current service cost	211,563
Past service cost	-
Benefits paid	-
Actuarial loss / (gain) on obligation	(187,880)
Present value of defined benefit obligation at the end of the year	**639,959**

Changes in the present value of the plan asset is as follows:

Particulars	For the year ended 31 March 2022
Fair value of plan asset at the beginning of the year	-
Return on plan asset	-
Contributions	-
Benefits paid during the year	-
Employer Contributions	-
Actuarial (gain) / loss on obligation	-
Fair value of plan asset at the end of the year	**-**

Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

Particulars	For the year ended 31 March 2022
Present value of defined benefit obligation at the end of the year	639,959
Fair value of plan asset at the end of the year	-
Net liability as at the close of the year	**(639,959)**

Expenses recognized in the statement of profit and loss:

Particulars	For the year ended 31 March 2022
Current service cost	211,563
Net Interest cost	41,338
Past service cost	-
Expenses recognized in the statement of profit and loss:	**252,901**

Remeasurement recognised in other comprehensive income

Acturial loss on defined obligation	(187,880)
Actuarial (gain) /loss for the year on Asset	
Amount recognised in other comprehensive income	**(187,880)**

Principal acturial assumptions as at the reporting date are as follows:-

Particulars	As at 31 March 2022
Financial Assumptions	
Discount rate	7.19%
Expected salary increase rates	8.50%
Demographic Assumptions	
Mortality	100% of IALM 2012-14
Employee attrition rate	
-Up to 30 years of age	12.00%
-From 31 years of age to 44 years of age	8.00%
-Above 44 years of age	5.00%
Retirement age	60 years

Note:

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

The discount rate is estimated based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligation.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :-

Particulars	For the year ended 31 March 2022		
Present Value of Obligation	639,959		
	Decrease	Increase	
Discount Rate (- / + 1.00%)	683,809	600,259	
Change	43,850	(39,700)	
Salary Growth Rate (- / + 1.00%)	600,543	683,045	
Change	(39,416)	43,086	

Although the analysis does not take into account of the full distribution of cash flows expected under the plan, it does not provide an approximation of the sensitivity of the assumptions shown.

Maturity profile:

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

Particulars	As at 31 March 2022
0-1 Year	345,761
2-5 Years	58,486
6 Year onwards	235,712

c) Other long term benefit - Compensated absences

The Company operates compensated absences plan, where in every employee is entitled to the benefit as per the policy of the Company in this regard. The salary for calculation of earned leave is last drawn salary. The same is payable during the service, early retirement, withdrawal of scheme, resignation by employee and upon death of employee.

An actuarial valuation of Compensated absence has been carried out by an independent actuary on the basis of the following assumptions:

Assumptions	As at 31 March 2022
Discount rate	7.19%
Expected salary increase rates	8.50%
Mortality	
Employee attrition rate	
-Up to 30 years of age	12.00%
-From 31 years of age to 44 years of age	8.00%
-Above 44 years of age	5.00%

The other long- term benefit of compensated absence in respect of employees of the Company as at 31 March 2022 amounts to Rs. 7,05,253 and the expense recognised in the statement of profit and loss during the year for the same amounts to Rs. 2,13,271.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :-

Particulars	For the year ended 31 March 2022		
Present Value of Obligation	705,253		
	Decrease	Increase	
Discount Rate (- / + 1.00%)	760,972	655,401	
Change	55,719	(49,852)	
Salary Growth Rate (- / + 1.00%)	655,518	759,354	
Change	(49,735)	54,101	

Although the analysis does not take into account of the full distribution of cash flows expected under the plan, it does not provide an approximation of the sensitivity of the assumptions shown.

Maturity profile:

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

Particulars	As at 31 March 2022
0-1 Year	303,903
2-5 Years	140,571
6 Year onwards	260,779

c) **Risk Exposure**

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

a) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments are in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimize risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The Company intends to maintain the above investment mix in the continuing years.

b) Changes in discount rate

A decrease in discount rate will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

c) Inflation risks

In the plans, the payment are not linked to the inflation so this is a less material risk.

d) Life expectancy

The plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

The Company ensures that the investment positions are managed within an asset- liability matching (ALM) framework that has been developed to achieve long term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Company's ALM objective is to match assets to the obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company uses derivatives to manage some of its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

23 Related party disclosures, as required by Ind AS 24, "Related party disclosures" are given below

A) Related parties and nature of related party relationships

Description of relationship	Name of the party
Holding Company	Minda Corporation Limited
Subsidiaries of Holding company	Minda Europe B.V., Netherlands
	Spark Minda Foundation
	P T Minda Automotive Trading, Indonesia
	Minda Vietnam Automotive Co. Ltd., Vietnam
	P T Minda Automotive Trading, Indonesia
	Almighty International PTE Limited, Singapore
	Minda Instruments Limited
	Minda Infac Private limited
Associates	EVQPoint Solutions Private Limited
Sister Concern	Minda Vast Access Private Limited
Directors	Mr. Aakash Minda, Director
	Mr. Rakesh Kalra
	Mr. Suresh Dorai Nadar

B) Related parties and nature of related party relationships with whom transactions have taken place during the year

	Description of relationship	Name of the party
(i)	Holding Company	Minda Corporation Limited
(ii)	Sister Concern	Minda Instruments Limited, India

C) Details of transactions related parties - 31 March 2022

Party Name	Purchase of goods	Rent Paid	Service Income	Other Expenses Paid
Minda Corporation Limited	4,365,955	-	-	15,695,000
Minda Instruments Limited, India	-	-	-	1,468

D) Details of balances with related parties

Party Name	FY 21-22	
	Receivable as at the year end	Payable as at the year end
Minda Corporation Limited	18,756	6,539,386
Minda Instruments Limited		1,731

1. Reporting entity

Spark Minda Green Mobility Systems Private Limited (the 'Company') is a company domiciled in India, with its registered office situated at A-15, Phase -1 Ashok Vihar, Delhi - 110052. The principal place of business is 5th Floor, Plot no-404/405, Sector -20, Udyog Vihar, Phase-III, Gurugram, Haryana, 122016. The Company has been incorporated under the provisions of Indian Companies Act, 2013. The Company is primarily involved in design, development and manufacturing of Electric Vehicles parts & components & deployment of technology for Electric Vehicles Eco System.

2. Significant accounting policies

A. Basis of preparation

(i) Statement of compliance

These standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of Companies Act, 2013 (the 'Act'), read with Companies (Indian Accounting Standards) Rules as amended from time to time and other relevant provisions of the Act ("financial statements").

The financial statements were authorized for issue by the Company's Board of Directors on 14th May 2022.

(ii) Functional and presentation currency

The management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be Indian Rupees (Rs.)

(iii) Basis of measurement

These Standalone Financial Statements have been prepared on a historical cost basis, except for the following items which have been measured at fair value or revalued amount:

Items	Measurement Basis
Certain financial assets and liabilities (including derivatives instruments)	Fair Value
Liabilities for equity-settled share-based payment Arrangements	Fair Value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

(iv) Use of estimates and judgement

In preparation of these standalone financial statements, management has made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized prospectively. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Standalone Financial Statements is included in the following notes.

Assumptions, judgement and estimation uncertainties

- Recognition and estimation of tax expense including deferred tax
- Estimated impairment of financial and non-financial assets – Note 2B(viii), Note 2B(xxii) and Note 2.1
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2B(iv) and Note 2B(v)
- Estimation of obligations relating to employee benefits: key actuarial assumptions –Note2B(xii)
- Valuation of Inventories – Note 2B(vii)
- Recognition and measurement of provisions and contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 2B(xx)
- Fair value measurement

v) Measurement of fair values

A number of accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

B. Summary of significant accounting policies

i) Current and non current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expects to be realise the assets, or intends to sell or consume it, in its normal operating cycle;
b) it hold the asset primarily for the purpose of trading;
c) it is expects to realise the asset within 12 months after the reporting period; or
d) the asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expects to settle in its normal operating cycle;
b) it hold primarily for the purpose of trading;
c) the liability is due to be settled within 12 months after the reporting period; or
d) it does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

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

ii) Foreign currency transactions and translations

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of transactions and monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, are translated at the balance sheet date exchange rates. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the balance sheet date exchange rates are generally recognised in statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing cost are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments (other than investment in subsidiaries and joint ventures) held at fair value through profit or loss are recognized in statement of profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments (other than investment in subsidiaries and joint ventures) classified as FVOCI are recognized in other comprehensive income.

The derivative financial instruments such as forward exchange contracts to hedge its risk associated with foreign currency fluctuation are stated at fair value. Any gains or losses arising from changes in fair value are taken directly to the statement of profit or loss.

iii) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

However, Goods and Services Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

The Company recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer.

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:
Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligation in contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned or deferred revenue is recognised when there is billings in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.
Use of significant judgements in revenue recognition:

a) The Company's contracts with customers could include promises to transfer products to a customer. The Company assesses the products promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

b) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

c) The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.

d) The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Export benefits

Export incentive entitlements are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made, and where there is no uncertainty regarding the ultimate collection of the relevant export proceeds.

Other operating income

Service income including job work income is recognized as per the terms of contracts with customers when the related services are rendered. Income from royalty, technical know-how arrangements is recognized on an accrual basis in accordance with the terms of the relevant agreement.

Dividend and interest income

Dividend income is recognized when the right to receive the income is established. Income from interest on deposits, loans and interest-bearing securities is recognized using the effective interest method.

iv) Property, plant and equipment

(a) Recognition and measurement

Item of property, plant and equipment are carried at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, import duties and non-refundable purchase taxes, duties or levies, after deducting trade discounts and rebates, any other directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and removing the items and restoring the site on which it is located. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

A property, plant and equipment is eliminated from the Standalone Financial Statements on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or losses arising disposal of property, plant and equipment is recognized in the Standalone Statement of Profit and Loss.

Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Standalone Statement of Profit and Loss when the asset is derecognized.

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

Advance paid towards the acquisition of property, plant and equipment are shown under non-current asset and property, plant and equipment under construction are disclosed as capital work-in-progress. Capital work in progress includes cost of assets at site, direct and indirect expenditure incidental to construction and interest on the funds deployed for construction.

(b) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. The costs of the day to day servicing of property, plant and equipment are recognised in the standalone statement of profit and loss as incurred.

(c) Derecognition

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the standalone statement of profit and loss.

(d) Depreciation

Depreciation on property, plant and equipment is provided on the straight-line method at the rates reflective of the estimated useful life of the assets estimated by the management.

The identified components are depreciated over their useful life, the remaining asset is depreciated over the life of the principal asset. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

The Company has used the following rates to provide depreciation which coincides with the rates indicated in Schedule II of the Act on its property, plant and equipment, except for Non – commercial vehicles.

Asset category	Life
Factory Buildings	30 years
Plant and Machinery	5 – 15 years
Electrical Installations	10 years
Office Equipment	5 years
Furniture & Fixtures	10 years
Computer hardware	3 years

The management has estimated, supported by independent assessment by technical experts, professionals, the useful lives vehicles as 4 years which is lower than those indicated in Schedule II.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

v) Goodwill and other intangible assets

a) Recognition and measurement

Intangible assets comprise of goodwill, computer software, brands and trademarks acquired for internal use and are recorded at the consideration paid for acquisition of such assets are carried at cost less accumulated amortization and accumulated impairment, if any. Goodwill represents the excess of purchase consideration over the fair value of net assets/liabilities purchased.

The useful lives of intangible assets are assessed as either finite or indefinite

b) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

c) Derecognition

Gains and losses on disposal of an item of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and are recognized in the consolidated statement of profit and loss.

d) Amortisation

The intangible (except goodwill) assets are amortised over the period of five years, which in the management's view represent the economic useful life. Amortisation expense is charged on a pro-rata basis for assets purchased during the year. The amortization period and the amortization method for an intangible asset are reviewed at the end of each reporting period. Goodwill is tested for impairment on an annual basis.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the standalone statement of profit and loss.

vi) Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or development of qualifying assets are capitalized. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Other borrowing costs are recognized as an expense in the standalone statement of profit and loss in the year in which they are incurred.

vii) Inventories

Inventories which includes raw materials, components, stores, work in progress, finished goods and spares are valued at lower of cost and net realizable value. However, raw materials, components and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost or in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The basis of determination of cost for various categories of inventory is as follows:

Raw materials, components and stores and spares and stock in trade	:	Cost is determined on weighted average basis.
Finished goods	:	Material cost plus appropriate share of labour and production overheads. Cost of finished goods includes excise duty, wherever applicable.
Work in progress	:	Material cost plus appropriate share of the labour and production overheads depending upon the stage of completion, wherever applicable.
Tools, moulds and dies	:	Material cost plus appropriate share of the labour and production overheads, depending upon the stage of completion and includes excise duty, wherever applicable.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value of work-in-progress is determined with reference to the selling prices of related finished products.

The comparison of cost and net realizable value is made on an item-by-item basis

viii) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

An asset's recoverable amount is the higher of an individual asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses, if any, are recognized in the Standalone Statement of Profit and Loss. Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

In regard to assets for which impairment loss has been recognized in prior period, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill is tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

ix) Research and Development

Revenue expenditure on research is expensed off under the respective heads of account in the year in which it is incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses, if any. Property, plant and equipment used for research and development are depreciated in accordance with the Company's policy as stated above. Expenditure incurred at development phase, where it is reasonably certain that outcome of development will be commercially exploited to yield economic benefits to the Company, is considered as an intangible asset and amortized over the estimated life of the assets.

x) Government Grant and Subsidies

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grant relating to income are deferred and recognised in the standalone statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income other than export benefits which are accounted for in the year of export based on eligibility and there is no uncertainty in receiving the same.

Government grants relating to purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the standalone statement of profit and loss on a straight line basis over the expected lives of the related assets and presented within income.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

xi) Cash dividend and non-cash distribution to equity holders

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

xii) Employee Benefits

Short – term employee benefits

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognized in the standalone statement of profit and loss in the period in which the employee renders the related service on an undiscounted basis.

Defined contribution plan:
Provident fund: Eligible employees receive benefits from the provident fund, which is a defined contribution plan. Both the employees and the employer make monthly contributions to the provident fund (with Regional Provident Fund Commissioner) equal to specified percentage of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions.

Defined benefit plan:
Gratuity: The Company provide for gratuity, a defined benefit retirement Plan (the "Gratuity Plan") covering eligible employees. The Plan provides payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. Liabilities related to the Gratuity Plan are determined by actuarial valuation as at the balance sheet date.

Other long term employee benefit:

Compensated absence: Un-availed leaves for the year are accumulated and allowed to carried over to the next year and are within service period of the employees in accordance with the service rules of the Company. Provision for compensated absence is made by the Indian entities based on the amount payable as per the above service, based on actuarial valuation as at the balance sheet date.

Other employee benefit plans:

Actuarial valuation:

The liability in respect of all defined benefit plans and other long term employee benefit is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary primarily using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows.
The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Standalone Statement of profit and loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in 'other equity' in the standalone statement of Changes in Equity and in the standalone Balance Sheet.

xiii) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as non-current investments.

xviii) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in standalone statement of profit and loss except to the extent that it relates to items recognised directly in equity.

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

When the Company concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, the Company reflects the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. The Company reflects the effect of uncertainty for each uncertain tax treatment by using the most likely amount method.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised. Significant management judgement is required to determine the probability of deferred tax asset. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The criteria for recognising deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognising deferred tax assets arising from deductible temporary differences. However, the existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, the Company recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity

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

xix) Earnings per Share

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares except where the results will be anti-dilutive.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

xx) Provisions, contingent liabilities and contingent assets

A provision is created when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligation and the amount of such obligation can be reliably estimated. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value money and risks specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognised as finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provision for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

The Company does not recognise assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, subsequently, if it becomes virtually certain that an inflow of economic benefits will arise, asset and related income is recognised in the standalone financial statements of the period in which the change occurs.

xxi) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash balance with bank and cheques in hands and highly liquid investments with maturity period of three months or less from the date of investment.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank, cash on hand and cheques on hand as they are considered an integral part of the Company's cash management

xxii) Financial instruments

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

i. Recognition and initial measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:
- Amortized cost;
- Fair Value through Other Comprehensive Income ('FVOCI') – debt instrument;
- FVOCI – equity investment; or
- FVTPL

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

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables. Company has recognized financial assets viz. security deposit, trade receivables, employee advances at amortized cost.
A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is re-classified from the equity to Standalone Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Standalone Statement of Profit and Loss.

Investments in joint ventures/ associate

Investments in joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in joint ventures, the difference between net disposal proceeds and the carrying amounts are recognized in the Standalone Statement of Profit and Loss.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Standalone Statement of Profit and Loss.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment 'Principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingents events that would change the amounts or timings of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non - recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, as feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investment at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investment at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit

	or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivative financial instruments

The Company uses derivative instruments such as foreign exchange forward contracts and currency swaps to hedge its foreign currency and interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognized in profit and loss.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on:
- Financial assets measured at amortized cost; and
- Financial assets measured at FVOCI – debt instruments.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt instruments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit – impaired includes the following observable data:

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowance for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to the Standalone Statement of the Profit and Loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Company's procedures for the recovery of amount due.

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for the measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortized cost e.g., deposits and advances
b. Trade receivables that result from transactions that are within the scope of Ind AS 115
c. Financial guarantee contracts which are not measured as at FVTPL.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Standalone Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Standalone Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

xxiii) Exceptional items

When an item of income or expense within Statement of profit and loss from ordinary activity is of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the year, the nature and amount of such items is disclosed as exceptional items.

For SSA and Associates

Chartered Accountants

Firm registration number: 032475N

CA. Shanker Lal Singal

Partner

M.No.- 081439

UDIN:-

Place : Delhi

Date:- 14-05-2022

For and on behalf of the Board of Directors of

Spark Minda Green Mobility Systems Private Limited

Akash Minda	**Suresh Dorai Nadar**
Director	Director
(DIN-06870774)	(DIN-07919974)

Place :- Delhi

Date :- 14-05-2022