

# Financial Statements

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Sona BLW Precision Forgings Limited**

### REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

#### Opinion

- We have audited the accompanying standalone financial statements of Sona BLW Precision Forgings Limited ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31<sup>st</sup> March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity 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 Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information other than the Financial Statements and Auditor's Report thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual

Report, but does not include the standalone financial statements and our auditor's report thereon.

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

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

The Annual Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

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

- The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as

applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

- Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing 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 Standards on Auditing, 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on Other Legal and Regulatory Requirements

- As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
- As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
- Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
  - we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - in our opinion, proper books of account as required by law have been kept by the Company

- so far as it appears from our examination of those books;
- c) the standalone financial statements dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
- e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2021 from being appointed as a director in terms of section 164(2) of the Act;
- f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31<sup>st</sup> March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 27<sup>th</sup> April 2021 as per Annexure II expressed unmodified opinion; and
- g) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

- i. the Company, as detailed in note 39 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31<sup>st</sup> March 2021;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31<sup>st</sup> March 2021;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31<sup>st</sup> March 2021; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

**For Walker Chandiook & Co LLP**

Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Place: New Delhi                      Membership No.: 517273  
Date: 27<sup>th</sup> April 2021      UDIN: 21517273AAAABW2007

**ANNEXURE I INDEPENDENT AUDITOR'S REPORT****to the Independent Auditor's Report of even date to the members of SONA BLW Precision Forgings Limited on the financial statements for the year ended 31<sup>st</sup> March 2021**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties included under the head 'Property, plant & equipment' and 'Right-Of-Use assets' are held in the name of the Company. In respect of immovable properties in the nature of land that have been taken on lease and disclosed under the head Right-Of-Use assets in the financial statements, the lease agreements for such leasehold land identify the Company as lessee. Further, the title deeds of a freehold land located at Gurgaon with a carrying value of INR 13.10 million included in Property, plant and equipment, and a leasehold land located at Pune with a carrying value of INR 13.20 Million included in Right-of-Use assets, have been pledged as security (mortgage and charge) against the financing facility taken from Banks, which have been confirmed by the Trustee of the bank to be in the name of the Company.

- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable

intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.

- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of investments. Further, in our opinion the Company has not entered into any transaction covered under Sections 185 and 186 of the Act in respect of loans, guarantee and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

- (b) The dues outstanding in respect of income-tax, service-tax and duty of excise on account of any dispute, are as follows:

## Statement of Disputed Dues

| Name of the statute      | Nature of dues     | Amount (₹) | Amount paid under Protest (₹) | Period to which the amount relates | Forum where dispute is pending                |
|--------------------------|--------------------|------------|-------------------------------|------------------------------------|---|
| Income Tax Act, 1961     | Income Tax Demand  | 4.21       | 4.21                          | Assessment Year (AY) 2011-12       | Income Tax Appellate Tribunal                 |
| Income Tax Act, 1961     | Income Tax Demand  | 3.18       | 3.18                          | Assessment Year (AY) 2012-13       | Income Tax Appellate Tribunal                 |
| Income Tax Act, 1961     | Income Tax Demand  | 2.12       | 2.12                          | Assessment Year (AY) 2013-14       | Income Tax Appellate Tribunal                 |
| Income Tax Act, 1961     | Income Tax Demand  | 2.00       | -                             | Assessment Year (AY) 2016-17       | Dispute Resolution Panel                      |
| Income Tax Act, 1961     | Income Tax Demand  | 79.40      | 14.20                         | Assessment Year (AY) 2017-18       | Commissioner of Income Tax (Appeals)          |
| Income Tax Act, 1961     | Income Tax Demand  | 2.46       | 0.77                          | Assessment Year (AY) 2018-19       | Commissioner of Income Tax (Appeals)          |
| Finance Act, 1994        | Service Tax Demand | 0.47       | -                             | Financial Year 2005-06 to 2007-08  | Commissioner of Central Excise (Appeals)      |
| Central Excise Act, 1944 | Excise Duty        | 14.85      | -                             | Financial Year 2014-15 to 2017-18  | Directorate General of Goods and Services Tax |

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company did not have any loan or borrowings payable to government and did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). The term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

**For Walker Chandiook & Co LLP**

Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Place: New Delhi Membership No.: 517273  
Date: 27<sup>th</sup> April 2021 UDIN: 21517273AAAABW2007

## ANNEXURE II INDEPENDENT AUDITOR'S REPORT

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

1. In conjunction with our audit of the standalone financial statements of Sona BLW Precision Forgings Limited ('the Company') as at and for the year ended 31<sup>st</sup> March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

#### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

#### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

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

#### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

#### Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31<sup>st</sup> March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Arun Tandon

Partner

Place: New Delhi

Membership No.: 517273

Date: 27<sup>th</sup> April 2021 UDIN: 21517273AAAABW2007

#### Meaning of Internal Financial Controls with Reference to Financial Statements

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

**STANDALONE BALANCE SHEET**as at 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

|  | Note No. | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|----------|--------------------------------------|--------------------------------------|
| <b>ASSETS</b>  |          |                                      |                                      |
| <b>Non-current assets</b>  |          |                                      |                                      |
| Property, plant and equipment  | 3        | 2,631.52                             | 2,138.42                             |
| Capital work-in-progress   | 3        | 749.52                               | 500.37                               |
| Right-of-use assets  | 3        | 937.26                               | 748.52                               |
| Intangible assets  | 4        | 770.40                               | 752.48                               |
| Intangible assets under development  | 4        | 10.76                                | -                                    |
| <b>Financial assets</b>  |          |                                      |                                      |
| (i) Investments  | 5        | 8,599.85                             | 8,603.98                             |
| (ii) Loans   | 6        | 49.48                                | 43.79                                |
| (iii) Other financial assets   | 7        | -                                    | 0.87                                 |
| Income tax assets (net)  | 8        | 35.80                                | 40.42                                |
| Other non-current assets   | 9        | 173.54                               | 224.38                               |
| <b>Total non-current assets</b>  |          | <b>13,958.13</b>                     | <b>13,053.23</b>                     |
| <b>Current assets</b>  |          |                                      |                                      |
| Inventories  | 10       | 997.69                               | 614.14                               |
| <b>Financial assets</b>  |          |                                      |                                      |
| (i) Trade receivables  | 11       | 2,478.63                             | 1,334.39                             |
| (ii) Cash and cash equivalents   | 12       | 0.14                                 | 344.85                               |
| (iii) Bank balances other than (ii) above  | 13       | 0.94                                 | 240.08                               |
| (iv) Loans   | 6        | 0.35                                 | 0.92                                 |
| (v) Other financial assets   | 7        | 77.14                                | 0.30                                 |
| Other current assets   | 9        | 133.28                               | 71.97                                |
| <b>Total current assets</b>  |          | <b>3,688.17</b>                      | <b>2,606.65</b>                      |
| <b>Total assets</b>  |          | <b>17,646.30</b>                     | <b>15,659.88</b>                     |
| <b>EQUITY AND LIABILITIES</b>  |          |                                      |                                      |
| <b>Equity</b>  |          |                                      |                                      |
| Equity share capital   | 14(A)    | 5,729.80                             | 471.54                               |
| Instruments entirely equity in nature  | 14(B)    | -                                    | 5.94                                 |
| Other equity   | 15       | 6,566.16                             | 10,837.06                            |
| <b>Total equity</b>  |          | <b>12,295.96</b>                     | <b>11,314.54</b>                     |
| <b>LIABILITIES</b>   |          |                                      |                                      |
| <b>Non-current liabilities</b>   |          |                                      |                                      |
| <b>Financial liabilities</b>   |          |                                      |                                      |
| (i) Borrowings   | 16 (i)   | 1,907.01                             | 1,768.22                             |
| (ii) Lease liabilities   | 16 (v)   | 679.51                               | 480.33                               |
| (iii) Other financial liabilities  | 17       | 1.24                                 | 1.24                                 |
| Provisions   | 18       | 38.40                                | 29.78                                |
| Deferred tax liabilities (net)   | 19       | 105.14                               | 84.52                                |
| <b>Total non-current liabilities</b>   |          | <b>2,731.30</b>                      | <b>2,364.09</b>                      |
| <b>Current liabilities</b>   |          |                                      |                                      |
| <b>Financial liabilities</b>   |          |                                      |                                      |
| (i) Borrowings   | 16 (ii)  | 595.00                               | 545.09                               |
| (ii) Trade payables  | 20       | -                                    | -                                    |
| - Total outstanding dues of micro enterprises and small enterprises                      |          | 198.78                               | 55.99                                |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises |          | 734.72                               | 492.37                               |
| (iii) Lease liabilities  | 16 (v)   | 91.04                                | 61.73                                |
| (iv) Other financial liabilities   | 17       | 805.29                               | 739.66                               |
| Other current liabilities  | 21       | 131.81                               | 66.35                                |
| Provisions   | 18       | 30.00                                | 20.06                                |
| Current tax liabilities (net)  | 22       | 32.40                                | -                                    |
| <b>Total current liabilities</b>   |          | <b>2,619.04</b>                      | <b>1,981.25</b>                      |
| <b>Total liabilities</b>   |          | <b>5,350.34</b>                      | <b>4,345.34</b>                      |
| <b>Total equity and liabilities</b>  |          | <b>17,646.30</b>                     | <b>15,659.88</b>                     |
| Summary of significant accounting policies and other explanatory information             | 1 to 57  |                                      |                                      |

This is the standalone balance sheet referred to in our report of even date.

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

**Arun Tandon**  
Partner  
Membership No: 517273

Place: New Delhi  
Date: 27<sup>th</sup> April 2021

For and on behalf of the Board of Directors of  
**Sona BLW Precision Forgings Limited**

**Sunjay Kapur**  
Chairman and Non-Executive Director  
DIN: 00145529

**Rohit Nanda**  
Group Chief Financial Officer

**Vivek Vikram Singh**  
Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

**Ajay Pratap Singh**  
Company Secretary  
Membership No. F5253

Place: Gurugram  
Date: 27<sup>th</sup> April 2021

**STANDALONE STATEMENT OF PROFIT AND LOSS**for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

|   | Note No. | For the<br>year ended<br>31 <sup>st</sup> March 2021 | For the<br>year ended<br>31 <sup>st</sup> March 2020 |
|---|----------|--|--|
| <b>Income</b>   |          |  |  |
| Revenue from operations   | 23       | 7,671.73   | 5,386.91   |
| Other income  | 24       | 767.20   | 9.83   |
| <b>Total income</b>   |          | <b>8,438.93</b>                                      | <b>5,396.74</b>                                      |
| <b>Expenses</b>   |          |  |  |
| Cost of materials consumed  |          | 2,381.04   | 1,492.30   |
| Changes in inventories of finished goods and work-in-progress   | 25       | (268.76)   | 37.00  |
| Employee benefits expense   | 26       | 619.44   | 487.11   |
| Finance costs   | 27       | 290.09   | 231.75   |
| Depreciation and amortisation expense   | 28       | 468.06   | 342.20   |
| Other expenses  | 29       | 2,540.81   | 1,869.91   |
| <b>Total expenses</b>   |          | <b>6,030.68</b>                                      | <b>4,460.27</b>                                      |
| <b>Profit before exceptional items and tax</b>  |          | <b>2,408.25</b>                                      | <b>936.46</b>  |
| Exceptional item  | 54       | 139.06   | -  |
| <b>Profit before tax</b>  |          | <b>2,269.19</b>                                      | <b>936.47</b>  |
| Tax expense   | 30       | -  | -  |
| - Current tax   |          | 368.03   | 124.05   |
| - Deferred tax charge/(credit)  |          | 20.75  | (28.37)  |
| <b>Total tax expense</b>  |          | <b>388.78</b>  | <b>95.68</b>   |
| <b>Profit for the year</b>  |          | <b>1,880.41</b>                                      | <b>840.79</b>  |
| <b>Other comprehensive income</b>   |          |  |  |
| Items that will not be reclassified to profit or loss   |          |  |  |
| Remeasurements of defined benefit obligations   |          | (0.51)   | 2.28   |
| Income tax relating to above mentioned item   |          | 0.13   | (0.57)   |
| Changes in fair values of equity instruments carried at fair value through other comprehensive income |          | (19.00)  | (309.28)   |
| <b>Other comprehensive income for the year</b>  |          | <b>(19.38)</b>                                       | <b>(307.57)</b>                                      |
| <b>Total comprehensive income for the year</b>  |          | <b>1,861.03</b>                                      | <b>533.22</b>  |
| <b>Earnings per equity share of face value of ₹ 10 each</b>   |          |  |  |
| Earnings per share (Basic) (in ₹)   | 37       | 3.28   | 1.65   |
| Earnings per share (Diluted) (in ₹)   | 37       | 3.28   | 1.65   |
| Summary of significant accounting policies and other explanatory information                          | 1 to 57  |  |  |

This is the standalone statement of profit and loss referred to in our report of even date.

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

**Arun Tandon**  
Partner

Membership No: 517273

Place: New Delhi  
Date: 27<sup>th</sup> April 2021

For and on behalf of the Board of Directors of  
**Sona BLW Precision Forgings Limited**

**Sunjay Kapur**  
Chairman and Non-Executive Director  
DIN: 00145529

**Rohit Nanda**  
Group Chief Financial Officer

**Vivek Vikram Singh**  
Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

**Ajay Pratap Singh**  
Company Secretary  
Membership No. F5253

Place: Gurugram  
Date: 27<sup>th</sup> April 2021

**STANDALONE CASH FLOW STATEMENT**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

(Figures in Million ₹, unless stated otherwise)

|  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>   |  |  |
| Profit before income tax   | 2,269.19                                       | 936.47   |
| <b>Adjustments for:</b>  |  |  |
| Depreciation and amortisation expense  | 468.06   | 342.20   |
| Loss on sale of property plant and equipment (net)   | 2.92   | 5.25   |
| (Recovery)/allowance for advances  | (2.66)   | 2.66   |
| (Recovery)/allowance for doubtful receivables  | (0.97)   | 0.86   |
| Share based payments   | 30.61  | -  |
| Unwinding of discount on fair valuation of security deposits   | (0.70)   | (0.84)   |
| Amortisation of transaction cost based on effective interest rate  | (2.32)   | (0.68)   |
| Unwinding of discount on deferred payment liabilities  | 1.07   | 4.02   |
| Provision for slow moving inventory  | 31.86  | 0.80   |
| Fair value (gain)/loss on derivatives  | (155.29)                                       | 84.62  |
| Finance costs  | 290.09   | 231.75   |
| Dividend income  | 759.97   | -  |
| Interest income  | (7.23)   | (8.91)   |
| Unrealised foreign exchange (gain)   | 17.14  | (35.68)  |
| <b>Operating profit before working capital changes</b>   | <b>3,701.74</b>                                | <b>1,562.52</b>                                |
| <b>Changes in working capital</b>  |  |  |
| Movement in inventories  | (415.41)                                       | 62.91  |
| Movement in trade receivables  | (1,173.51)                                     | 227.57   |
| Movement in other asset  | (54.64)  | 83.05  |
| Movement in current financial asset  | (6.52)   | (28.17)  |
| Movement in other assets   | 0.57   | (0.73)   |
| Movement in trade payable  | 398.24   | (143.81)                                       |
| Movement in other financial liabilities  | (46.40)  | 41.17  |
| Movement in provision  | 18.05  | 12.54  |
| Movement in other liabilities  | 65.45  | (54.58)  |
| <b>Cash generated from operations</b>  | <b>2,487.57</b>                                | <b>1,762.47</b>                                |
| Direct taxes paid  | (331.01)                                       | (153.94)                                       |
| <b>Net cash flow generated from operating activities - Total (A)</b>   | <b>2,156.56</b>                                | <b>1,608.52</b>                                |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>   |  |  |
| Payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances | (1,114.37)                                     | (1,736.40)                                     |
| Proceeds from sale of property, plant and equipment  | 6.02   | 1.19   |
| Movement in bank balances other than cash and cash equivalents   | 240.01   | 51.16  |
| Sale of current investment investments   | -  | 1,399.48                                       |
| Purchase of long term investments  | (0.09)   | (8,584.99)                                     |
| Dividend received  | (759.97)                                       | -  |
| Interest received  | 7.23   | 8.91   |
| <b>Net cash (used in)/generated from investment activities - Total (B)</b>   | <b>(1,621.17)</b>                              | <b>(8,860.65)</b>                              |

**STANDALONE CASH FLOW STATEMENT**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

(Figures in Million ₹, unless stated otherwise)

|  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |  |  |
| Proceeds from short term borrowings, net   | 49.91  | 155.99   |
| Repayment of long term borrowings  | (407.96)                                       | 1,608.36                                       |
| Proceeds from long term borrowings   | 717.57   | (373.66)                                       |
| Repayment of deferred payment liabilities  | (12.47)  | (86.44)  |
| Repayment of lease liabilities   | (81.04)  | (47.88)  |
| Dividend paid  | (904.02)                                       | (968.09)                                       |
| Dividend tax paid  | -  | (198.99)                                       |
| Proceeds from issue of equity shares   | -  | 8,477.31                                       |
| Proceeds from issue of compulsorily convertible preference shares                    | -  | 228.75   |
| Buyback of shares  | -  | (814.21)                                       |
| Tax paid on buy back of shares   | -  | (183.64)                                       |
| Fees paid for increase in authorised share capital                                   | (20.97)  | (8.72)   |
| Interest paid  | (221.10)                                       | (193.76)                                       |
| <b>Net cash (used in)/generated from financing activities - Total (C)</b>            | <b>(880.09)</b>                                | <b>7,595.02</b>                                |
| <b>D. Net (decrease)/increase in cash and cash equivalents (A)+(B)+(C)</b>           | <b>(344.70)</b>                                | <b>342.90</b>                                  |
| <b>E. Cash and cash equivalents at the beginning of the period/year</b>              | <b>344.84</b>                                  | <b>1.94</b>                                    |
| <b>F. Cash and cash equivalents at the end of the period/year (D)+(E)</b>            | <b>0.14</b>                                    | <b>344.84</b>                                  |
| <b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>    |  |  |
| Cash and cash equivalents as per above comprise of the following                     |  |  |
| Balances in current accounts   | 0.04   | 124.43   |
| Cash on hand   | 0.10   | 0.14   |
| Bank deposits with original maturity of less than three months                       | -  | 220.28   |
| <b>Balances per statement of cash flows</b>  | <b>0.14</b>                                    | <b>344.84</b>                                  |
| Summary of significant accounting policies and other explanatory information 1 to 57 |  |  |

This is the standalone statement of cash flow referred to in our report of even date.

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

**Arun Tandon**  
Partner  
  
Membership No: 517273

Place: New Delhi  
Date: 27<sup>th</sup> April 2021

For and on behalf of the Board of Directors of  
**Sona BLW Precision Forgings Limited**

**Sunjay Kapur**  
Chairman and Non-Executive Director  
DIN: 00145529

**Rohit Nanda**  
Group Chief Financial Officer

**Vivek Vikram Singh**  
Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

**Ajay Pratap Singh**  
Company Secretary  
Membership No. F5253

Place: Gurugram  
Date: 27<sup>th</sup> April 2021

**STANDALONE STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

(Figures in Million ₹, unless stated otherwise)

**A. EQUITY SHARE CAPITAL**

|   | Amount          |
|---|-----------------|
| <b>Balance as at 1<sup>st</sup> April 2019</b>                            | <b>277.18</b>   |
| Issue of shares   | 220.29          |
| Buyback of shares   | (25.93)         |
| <b>Balance as at 31<sup>st</sup> March 2020</b>                           | <b>471.54</b>   |
| Conversion of compulsory convertible preference shares into equity shares | 5.94            |
| Bonus shares issued during the year                                       | 5,252.32        |
| <b>Balance as at 31<sup>st</sup> March 2021</b>                           | <b>5,729.80</b> |

**B. INSTRUMENTS ENTIRELY EQUITY IN NATURE**

|   | Amount      |
|---|-------------|
| <b>Balance as at 1<sup>st</sup> April 2019</b>                            | <b>-</b>    |
| Issue of compulsorily convertible preference shares during the year       | 5.94        |
| <b>Balance as at 31<sup>st</sup> March 2020</b>                           | <b>5.94</b> |
| Conversion of compulsory convertible preference shares into equity shares | (5.94)      |
| <b>Balance as at 31<sup>st</sup> March 2021</b>                           | <b>-</b>    |

**C. OTHER EQUITY**

|   | General reserve | Securities premium | Equity instruments through other comprehensive income | Capital redemption reserve | Employee's stock options reserve | Retained earnings | Total            |
|---|-----------------|--------------------|---|----------------------------|----------------------------------|-------------------|------------------|
| <b>Balance as at 1<sup>st</sup> April 2019</b>  | 120.00          | 382.14             | -   | -                          | -                                | 3,483.32          | 3,985.46         |
| Profit for the year   | -               | -                  | -   | -                          | -                                | 840.79            | 840.79           |
| Net changes in fair values of equity instruments carried at fair value through other comprehensive income | -               | -                  | (309.28)  | -                          | -                                | -                 | (309.28)         |
| Premium on fresh issue of equity shares   | -               | 8,257.02           | -   | -                          | -                                | -                 | 8,257.02         |
| Premium on fresh issue of compulsorily convertible preference shares preference shares                    | -               | 222.81             | -   | -                          | -                                | -                 | 222.81           |
| Premium on buy back of shares   | -               | (788.28)           | -   | -                          | -                                | -                 | (788.28)         |
| Tax paid on buy back of shares  | -               | (183.64)           | -   | -                          | -                                | -                 | (183.64)         |
| Stamp duty paid for increase in authorised share capital  | -               | (8.72)             | -   | -                          | -                                | -                 | (8.72)           |
| Ind-AS 116 transition adjustments (net of adjustment of deferred tax)                                     | -               | -                  | -   | -                          | -                                | (13.73)           | (13.73)          |
| Dividend paid   | -               | -                  | -   | -                          | -                                | (968.09)          | (968.09)         |
| Tax on dividend   | -               | -                  | -   | -                          | -                                | (198.99)          | (198.99)         |
| Remeasurements of defined benefit obligations, net of tax   | -               | -                  | -   | -                          | -                                | 1.71              | 1.71             |
| Transfer to capital redemption reserve  | -               | -                  | -   | 25.93                      | -                                | (25.93)           | -                |
| <b>Balance as at 31<sup>st</sup> March 2020</b>   | <b>120.00</b>   | <b>7,881.33</b>    | <b>(309.28)</b>                                       | <b>25.93</b>               | <b>-</b>                         | <b>3,119.09</b>   | <b>10,837.06</b> |

**STANDALONE STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

(Figures in Million ₹, unless stated otherwise)

|   | General reserve | Securities premium | Equity instruments through other comprehensive income | Capital redemption reserve | Employee's stock options reserve | Retained earnings | Total           |
|---|-----------------|--------------------|---|----------------------------|----------------------------------|-------------------|-----------------|
| <b>Balance as at 1<sup>st</sup> April 2020</b>  | 120.00          | 7,881.33           | (309.28)  | 25.93                      | -                                | 3,119.09          | 10,837.06       |
| Net profit for the year   | -               | -                  | -   | -                          | -                                | 1,880.41          | 1,880.41        |
| Securities premium utilised on bonus share issue  | -               | (5,252.32)         | -   | -                          | -                                | -                 | (5,252.32)      |
| Remeasurement of defined benefit obligations, net of tax  | -               | -                  | -   | -                          | -                                | (0.38)            | (0.38)          |
| Dividend paid   | -               | -                  | -   | -                          | -                                | (904.02)          | (904.02)        |
| Stamp duty paid for increase in authorized share capital  | -               | (20.97)            | -   | -                          | -                                | -                 | (20.97)         |
| Employee stock option charge for the year   | -               | -                  | -   | -                          | 45.37                            | -                 | 45.37           |
| Net changes in fair values of equity instruments carried at fair value through other comprehensive income | -               | -                  | (19.00)   | -                          | -                                | -                 | (19.00)         |
| <b>Balance as at 31<sup>st</sup> March 2021</b>   | <b>120.00</b>   | <b>2,608.03</b>    | <b>(328.28)</b>                                       | <b>25.93</b>               | <b>45.37</b>                     | <b>4,095.10</b>   | <b>6,566.16</b> |

Summary of significant accounting policies and other explanatory information.

This is the statement of changes in equity referred to in our report of even date.

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

**Arun Tandon**  
Partner  
  
Membership No: 517273

Place: New Delhi  
Date: 27<sup>th</sup> April 2021

For and on behalf of the Board of Directors of  
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**Sunjay Kapur**  
Chairman and Non-Executive Director  
DIN: 00145529

**Rohit Nanda**  
Group Chief Financial Officer

**Vivek Vikram Singh**  
Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

**Ajay Pratap Singh**  
Company Secretary  
Membership No. F5253

Place: Gurugram  
Date: 27<sup>th</sup> April 2021

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 1. COMPANY OVERVIEW

Sona BLW Precision Forgings Limited ("the Company") is a public limited company incorporated and domiciled in India and having its registered office at Sona Enclave, Village Begumpur, Khatola, Sector 35, Gurugram. It was incorporated on 27<sup>th</sup> October 1995 and began commercial production in November 1998. The Company is engaged in the manufacturing of precision forged bevel gears and differential case assemblies for automotive and other applications.

### 2. BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation and measurement

##### i) Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The standalone financial statements were approved for issue by the Company's Board of Directors on 27<sup>th</sup> April 2021.

##### ii) Historical cost convention

The standalone financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value; and
- defined benefit plans - plan assets measured at fair value

#### 2.2 Summary of significant accounting policies

##### a) Property, plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. 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.

Subsequent costs are included in the asset's carrying amount or recognised 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 de-recognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The cost of an item of property, plant & equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the property, plant and equipment is capitalized at discounted value. The difference between the discounted value and the total payment is recognized as interest over the period of credit.

##### Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives (as set out below) as prescribed in Schedule II of the Act:

| Asset category         | Useful life (in years)           |
|------------------------|----------------------------------|
| Factory buildings      | 30                               |
| Roads                  | 10                               |
| Sheds                  | 3                                |
| Plant and equipment    | 15                               |
| Furniture and fixtures | 10                               |
| IT equipment           | 6                                |
| Computers              | 3                                |
| Vehicles               | 8                                |
| Office equipment       | 5                                |
| Leasehold improvements | Over the effective term of lease |

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

##### **De-recognition**

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

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 income statement when the asset is derecognized.

### b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Company can demonstrate the following:

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

Development costs not meeting these criteria for capitalization are expensed as incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

##### Amortization methods and periods.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

| Asset class        | Useful life (in years) |
|--------------------|------------------------|
| Computer software  | 6                      |
| Technical know how | 6                      |
| Brand              | Indefinite             |

### c) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs 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 gains/ (losses). Non-monetary items denominated in foreign currency are reported at the exchange rate prevailing on the date of transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the statement of profit and loss in the year in which they arise.

### d) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

Company recognizes revenue when it transfers control over a product or service to a customer.

### a. Revenue from sale of goods:

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue is measured at fair value of the consideration received or receivable and are accounted for net of returns and discounts. Sales, as disclosed, are exclusive of goods and services tax.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

### b. Other Income:

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Dividend is recognized as and when the right of the Company to receive payment is established.

Export benefit entitlements under various schemes notified by the government are recognized in the statement of profit and loss when the right to receive credit as per terms of the scheme is established in respect of the

exports made and no significant uncertainties exist as to the amount of consideration and its ultimate collection.

### e) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### f) Leases

#### Transition

Effective 1<sup>st</sup> April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1<sup>st</sup> April, 2019 using the modified retrospective method. With the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings.

Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

The following is the summary of practical expedients elected on initial application:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application

- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

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

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the right to extend the lease. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

### g) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

- a) at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognizes the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognizes that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below:

#### Financial assets

##### **Classification and subsequent measurement**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

**i) Financial assets at amortized cost** – a financial instrument is measured at amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method.

**ii) Financial assets at fair value**

- **Investments in equity instruments (other than subsidiaries)** – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). 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 other comprehensive income (OCI). There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Investment in equity instrument of subsidiaries are stated at cost using the exemption as per Ind AS 27 'Separate financial statements'.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

#### **De-recognition of financial assets**

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

#### **Financial liabilities**

##### **Subsequent measurement**

After initial recognition, the financial liabilities are subsequently measured at amortized cost using effective interest method. Amortized cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortization is included as finance costs in the statement of profit and loss.

#### **De-recognition of financial liabilities**

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

#### **Derivative financial instruments**

##### **Initial and subsequent measurement**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### h) Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Company of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets. In accordance with Ind-AS 109, the Company applies expected

credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortized cost. ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### **Trade receivables**

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognized upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The Company uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on company's historical collection experience for customers and forecast of macroeconomic factors.

#### **Other financial assets**

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses. When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

### i) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Company's of assets (cash-generating units).

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 available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of asset over its remaining useful life.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### j) Fair value measurement

The Company measures certain financial instruments, such as, investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market

participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

Refer note 32 for fair value hierarchy.

### k) Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realizable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the basis of weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### l) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposit accounts, margin deposit money and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and Bank overdrafts, if any, are shown within borrowings in current liabilities in the balance sheet.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### m) Employee benefits

#### a. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

#### b. Post-Employment Benefits

**Defined Contribution Plan:** A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company has defined contribution plans for provident fund and employees' state insurance scheme. The Company's contribution in the above plans is recognised as an expense in the statement of profit and loss during the year in which the employee renders the related service.

**Defined Benefit Plans:** The Company has defined benefit plan namely Gratuity for employees. The liability in respect of gratuity plans is calculated annually by independent actuary using the projected unit credit method. The Company recognizes the following changes in the net defined benefit obligation under Employee benefits expense in statement of profit and loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailment and non-routine settlements
- Net Interest expense

Re-measurement of 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 retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

#### Other long-term employee benefits

Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of the year. Actuarial gains/losses are immediately recognised to the Statement of Profit and Loss.

Termination benefits are recognized as an expense immediately.

### n) Employee share based payments

The Company has equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date. All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

### o) Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company;
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

#### Dilute earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### p) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Expected future operating losses are not provided for.

### Contingencies

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

### q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Eligible transaction/ ancillary costs incurred in connection with the arrangement of borrowings are adjusted with the proceeds of the borrowings.

### r) Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received.

Government grants are recognised in the statement of profit and loss on a systematic basis over the

periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. The benefit of a government loan at below market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on the prevailing market interest rates.

### s) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

### t) Current versus non-current classification

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

An asset is treated as current when:

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

Current assets include the current portion of non-current financial assets. The Company classifies all other assets as non-current.

A liability is treated current when:

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

Current liabilities include current portion of non-current financial liabilities. The Company classifies all other liabilities as non-current.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current/non-current classification of assets and liabilities.

### 2.3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes:

- Measurement of defined benefit obligations (DBO)
- Estimation of useful lives of property, plant and equipment and intangible assets
- Evaluation of indicators for impairment of non-financial assets

- Provisions & contingent liabilities
- Classification of leases
- Allowance for expected credit loss on receivables
- Allowance for obsolete and slow-moving inventory
- Impairment of non-financial assets
- Measurement of share based payments;
- Taxation and legal disputes
- Measurement of fair values
- Cash flow projections and liquidity assessment with respect to Covid-19 (refer note 47).

### 2.4 Application of new and revised Indian Accounting Standard (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs ('MCA') under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized have been considered in preparing these financial statements.

#### Standards issued but not effective

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. However, there are no such notifications which have been issued but are not yet effective or applicable from 1<sup>st</sup> April 2021.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

## 3. PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS AND RIGHT OF USE ASSET

| Property, plant and equipment                              | Right-of-use assets |                |                          |                                     |                        |                  |           |          |                       |                        | Total    |  |
|--|---------------------|----------------|--------------------------|-------------------------------------|------------------------|------------------|-----------|----------|-----------------------|------------------------|----------|--|
|  | Freehold land       | Leasehold land | Buildings (Refer note i) | Plant and equipment (Refer note ii) | Furniture and fixtures | Office equipment | Computers | Vehicles | Leasehold improvement | Total work-in-progress |          | Capital work-in-progress (Refer Note (iii) and (iv)) |
| Gross carrying amount as at 1 <sup>st</sup> April 2019     | 13.10               | 241.84         | 325.57                   | 1,641.86                            | 33.02                  | 49.98            | 48.83     | 80.11    | 79.96                 | 2,514.29               | 131.67   | -  |
| Reclassified on account of adoption of Ind AS 116 'Leases' | -                   | (241.84)       | -                        | -                                   | -                      | -                | -         | -        | -                     | (241.84)               | -        | 241.84   |
| Transition impact on account of adoption of Ind AS 116     | -                   | -              | -                        | -                                   | -                      | -                | -         | -        | -                     | -                      | -        | 165.57   |
| Additions  | -                   | -              | 7.78                     | 607.47                              | 3.34                   | 7.08             | 1.05      | 6.11     | 18.87                 | 651.69                 | 368.70   | 381.63   |
| Disposals  | -                   | -              | -                        | (0.19)                              | (5.92)                 | (0.14)           | (3.65)    | (1.26)   | -                     | (11.16)                | -        | (4.67)   |
| Gross block as at 31 <sup>st</sup> March 2020              | 13.10               | -              | 333.35                   | 2,249.14                            | 30.44                  | 56.92            | 46.24     | 84.95    | 98.83                 | 2,912.98               | 500.37   | 241.84   |
| Accumulated depreciation as at 1 <sup>st</sup> April 2019  | -                   | 2.28           | 30.65                    | 378.79                              | 9.28                   | 19.45            | 15.13     | 18.80    | 16.91                 | 491.32                 | -        | -  |
| Reclassified on account of adoption of Ind AS 116 'Leases' | -                   | (2.28)         | -                        | -                                   | -                      | -                | -         | -        | -                     | (2.28)                 | -        | 2.28   |
| Depreciation charge during the year                        | -                   | -              | 15.85                    | 232.50                              | 4.41                   | 10.74            | 10.27     | 10.53    | 8.27                  | 292.56                 | -        | 2.64   |
| Disposals  | -                   | -              | -                        | (0.19)                              | (2.76)                 | (0.14)           | (3.75)    | (0.21)   | -                     | (7.03)                 | -        | (0.91)   |
| Closing accumulated depreciation                           | -                   | -              | 46.50                    | 611.10                              | 10.93                  | 30.05            | 21.67     | 29.12    | 25.18                 | 774.56                 | -        | 4.92   |
| Net carrying amount as at 31 <sup>st</sup> March 2020      | 13.10               | -              | 286.85                   | 1,638.03                            | 19.52                  | 26.87            | 24.58     | 55.83    | 73.64                 | 2,138.42               | 500.37   | 236.92   |
| Gross carrying amount as at 1 <sup>st</sup> April 2020     | 13.10               | -              | 333.35                   | 2,249.14                            | 30.44                  | 56.92            | 46.24     | 84.95    | 98.83                 | 2,912.98               | 500.37   | 241.84   |
| Additions  | -                   | -              | 1.71                     | 844.17                              | 4.81                   | 6.70             | 11.03     | 3.39     | 24.23                 | 896.04                 | 1,180.89 | 245.02   |
| Transfer on capitalisation                                 | -                   | -              | -                        | -                                   | -                      | -                | -         | -        | -                     | (931.74)               | -        | -  |
| Disposals  | -                   | -              | -                        | (16.57)                             | -                      | -                | -         | -        | -                     | (16.57)                | -        | -  |
| Gross block as at 31 <sup>st</sup> March 2020              | 13.10               | -              | 335.06                   | 3,076.75                            | 35.24                  | 63.62            | 57.27     | 88.34    | 123.05                | 3,792.45               | 749.52   | 241.84   |
| Accumulated depreciation as at 1 <sup>st</sup> April 2020  | -                   | -              | 46.50                    | 611.10                              | 10.93                  | 30.05            | 21.67     | 29.12    | 25.18                 | 774.56                 | -        | 4.92   |
| Depreciation charge during the year                        | -                   | -              | 15.66                    | 332.52                              | 4.11                   | 10.23            | 10.14     | 11.14    | 10.19                 | 394.00                 | -        | 2.64   |
| Disposals  | -                   | -              | -                        | (7.61)                              | -                      | -                | -         | -        | -                     | (7.61)                 | -        | -  |
| Closing accumulated depreciation                           | -                   | -              | 62.16                    | 936.01                              | 15.04                  | 40.28            | 31.81     | 40.26    | 35.37                 | 1,160.94               | -        | 7.56   |
| Net carrying amount as at 31 <sup>st</sup> March 2021      | 13.10               | -              | 272.90                   | 2,140.74                            | 20.20                  | 23.34            | 25.46     | 48.07    | 87.68                 | 2,631.52               | 749.52   | 234.28   |

## Notes:

- Building (gross block) amounting ₹ 192.11 million (31<sup>st</sup> March 2020: ₹ 167.34 million), net block ₹ 135.80 million (31<sup>st</sup> March 2020: ₹ 123.62 million) is constructed on leasehold land
- Refer note 40 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- The Company has a leasehold land at Pune which has been taken on a lease for a period of 95 years in the year 2018-19. Initial lease payment of ₹ 227.68 million has been made. No annual rent is required to be paid for the aforementioned leasehold land.
- The Company has a leasehold land at Pune which has been taken on a lease for a period of 71 years and 8 months in the year 2004-05. Initial lease payment of ₹ 17.15 millions has been made. No annual rent is required to be paid for the aforementioned leasehold land.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

## 4. INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

| Intangible assets  | Computer software | Technical knowhow | Brand  | Total  | Intangible assets under development | Total |
|--|-------------------|-------------------|--------|--------|-------------------------------------|-------|
| Gross carrying amount as at 1 <sup>st</sup> April 2019             | 48.38             | 27.18             | 670.03 | 745.59 | -                                   | -     |
| Additions  | 28.68             | -                 | 17.37  | 46.05  | -                                   | -     |
| Disposals  | (7.95)            | -                 | -      | (7.95) | -                                   | -     |
| Gross block as at 31 <sup>st</sup> March 2020                      | 69.11             | 27.18             | 687.40 | 783.68 | -                                   | -     |
| Accumulated amortisation as at 1 <sup>st</sup> April 2019          | 13.75             | 7.93              | -      | 21.68  | -                                   | -     |
| Amortisation charge for the year                                   | 10.62             | 4.53              | -      | 15.15  | -                                   | -     |
| Disposals  | (5.63)            | -                 | -      | (5.63) | -                                   | -     |
| Closing accumulated amortisation as at 31 <sup>st</sup> March 2020 | 18.74             | 12.46             | -      | 31.20  | -                                   | -     |
| Net carrying amount as at 31 <sup>st</sup> March 2020              | 50.37             | 14.72             | 687.40 | 752.48 | -                                   | -     |
| Gross carrying amount as at 1 <sup>st</sup> April 2020             | 69.11             | 27.18             | 687.40 | 783.68 | -                                   | -     |
| Additions  | 35.70             | -                 | -      | 35.70  | 10.76                               | 10.76 |
| Disposals  | -                 | -                 | -      | -      | -                                   | -     |
| Gross block as at 31 <sup>st</sup> March 2021                      | 104.81            | 27.18             | 687.40 | 819.39 | 10.76                               | 10.76 |
| Accumulated amortisation as at 1 <sup>st</sup> April 2020          | 18.74             | 12.46             | -      | 31.20  | -                                   | -     |
| Amortisation charge for the year                                   | 13.26             | 4.53              | -      | 17.79  | -                                   | -     |
| Disposals  | -                 | -                 | -      | -      | -                                   | -     |
| Closing accumulated amortisation as at 31 <sup>st</sup> March 2021 | 32.00             | 16.99             | -      | 48.99  | -                                   | -     |
| Net carrying amount as at 31 <sup>st</sup> March 2021              | 72.81             | 10.19             | 687.40 | 770.40 | 10.76                               | 10.76 |

## 5. INVESTMENTS

|  | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|--|-----------------------------------|-----------------------------------|
| At Cost, Unquoted investments, Investment in equity shares of subsidiary companies   |                                   |                                   |
| Unquoted equity instruments, fully paid up   |                                   |                                   |
| 9,953 (31 <sup>st</sup> March 2020: 9,953) equity shares of Euro 500 each in Sona Holding B.V. The Netherlands (refer note 49)       | -                                 | 19.00                             |
| 64,527,564 (31 <sup>st</sup> March 2020: 64,527,564) equity shares of INR 10 each in Comstar Automotive Technologies Private Limited | 8,355.53                          | 8,355.53                          |
| 1,878,801 (31 <sup>st</sup> March 2020: 1,878,801) equity shares of USD 1 each in Comstar Automotive Hong Kong Ltd.                  | 229.45                            | 229.45                            |
| 10,000 (31 <sup>st</sup> March 2020: Nil) equity shares of INR 10 each in Sona Comstar eDrive Private Limited                        | 0.10                              | -                                 |
| Deemed investment in Comstar Automotive Technologies Private Limited (refer note 45)   | 14.77                             | -                                 |
| <b>Total</b>   | <b>8,599.85</b>                   | <b>8,603.98</b>                   |
| Aggregate amount of unquoted non-current investments   | 8,599.85                          | 8,603.98                          |
| Aggregate amount of impairment in value of unquoted investments  | 328.27                            | 309.27                            |

## 6. LOANS

|                                   | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Unsecured, considered good</b> |                                   |                                   |
| <b>Non current</b>                |                                   |                                   |
| Security deposits                 | 49.48                             | 43.79                             |
| <b>Total loans - non current</b>  | <b>49.48</b>                      | <b>43.79</b>                      |
| <b>Current</b>                    |                                   |                                   |
| Security deposits                 | 0.35                              | 0.92                              |
| <b>Total loans - current</b>      | <b>0.35</b>                       | <b>0.92</b>                       |

## Notes

- The exposure to financial risks and fair value measurement related to these financial instruments is described in note 32.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 7. OTHER FINANCIAL ASSETS

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Unsecured, considered good</b>  |                                      |                                      |
| <b>Non current</b>   |                                      |                                      |
| Fixed deposits with banks with maturity period of more than 12 months (refer note (i)) | -                                    | 0.87                                 |
| <b>Total other financial assets- non current</b>                                       | <b>-</b>                             | <b>0.87</b>                          |
| <b>Current</b>   |                                      |                                      |
| Receivable from related parties (Refer Note 36)  | -                                    | 0.30                                 |
| Forward contract receivables   | 77.14                                | -                                    |
| <b>Total other financial assets- current</b>   | <b>77.14</b>                         | <b>0.30</b>                          |

#### Notes:

- (i) Held as margin money deposits against bank guarantees, letter of credit availed by the Company and under lien for loan facility.
- (ii) The exposure to financial risks and fair value measurement related to these financial instruments is described in note 32.

### 8. INCOME TAX ASSETS (NET)

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Non current</b>  |                                      |                                      |
| Prepaid taxes* (net of provision for current tax ₹ Nil million; 31 <sup>st</sup> March 2020 ₹ 126.00) | 35.80                                | 40.42                                |
|   | <b>35.80</b>                         | <b>40.42</b>                         |

\* Amount paid under protest of ₹ 24.48 million (31<sup>st</sup> March 2020: ₹ 23.71 million)

### 9. OTHER ASSETS

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Non current</b>                          |                                      |                                      |
| Prepaid expenses                            | 1.40                                 | 5.41                                 |
| Capital advances                            | 172.14                               | 218.97                               |
| <b>Total other assets- non current</b>      | <b>173.54</b>                        | <b>224.38</b>                        |
| <b>Current</b>                              |                                      |                                      |
| Prepaid expenses (Refer note 54)            | 28.71                                | 26.65                                |
| Loans and advances to employees             | 3.29                                 | 2.49                                 |
| Advance to suppliers for goods and services | 17.96                                | 19.48                                |
| Balance with government authorities         | 32.80                                | 5.53                                 |
| Other assets                                | 70.90                                | 40.00                                |
| Less: Allowance for doubtful advances       | (20.38)                              | (22.18)                              |
| <b>Total other assets- current</b>          | <b>133.28</b>                        | <b>71.97</b>                         |

### 10. INVENTORIES

|                              | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|------------------------------|--------------------------------------|--------------------------------------|
| Raw materials and components | 156.83                               | 73.41                                |
| Work-in-progress *           | 257.00                               | 148.30                               |
| Finished goods **            | 306.02                               | 145.96                               |
| Stores and spares            | 81.23                                | 89.36                                |
| Loose tools                  | 39.06                                | 17.91                                |
| Dies, jigs and fixtures      | 146.78                               | 122.89                               |
| Scrap                        | 10.77                                | 16.31                                |
| <b>Total<sup>#</sup></b>     | <b>997.69</b>                        | <b>614.14</b>                        |

<sup>#</sup> Total inventory is net of 'provision for obsolete and slow moving inventory' amounting to ₹ 35.49 million (31<sup>st</sup> March 2020: ₹ 0.80 million)

\* Includes with the vendors sent for job work ₹ 98.49 million (31<sup>st</sup> March 2020: ₹ 49.31 million)

\*\* Includes goods in transit ₹ 200.99 million (31<sup>st</sup> March 2020: ₹ 77.93 million)

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

Amount for write down and reversal of write down of inventories recognised in statement of profit and loss.

| Particulars  | Amount |
|--|--------|
| Allowance for obsolete and slow moving inventories as at 1 <sup>st</sup> April 2019  | 7.92   |
| Add: Write down recognised during the year   | 0.80   |
| Less: Allowance utilised during the year   | 7.92   |
| Allowance for obsolete and slow moving inventories as at 31 <sup>st</sup> March 2020 | 0.80   |
| Add: Write down recognised during the year   | 35.49  |
| Less: Allowance utilised during the year   | 0.80   |
| Allowance for obsolete and slow moving inventories as at 31 <sup>st</sup> March 2021 | 35.49  |

### 11. TRADE RECEIVABLES

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Unsecured</b>                          |                                      |                                      |
| Trade receivables considered good         | 2,478.63                             | 1,334.39                             |
| Trade receivables - credit impaired       | 2.97                                 | 3.94                                 |
| Less: Allowances for expected credit loss | (2.97)                               | (3.94)                               |
| <b>Total trade receivables</b>            | <b>2,478.63</b>                      | <b>1,334.39</b>                      |

#### Notes:

- (i) Refer note 36 for receivable balance from related parties.
- (ii) Refer note 33 - Financial instruments for assessment of expected credit losses.

### 12. CASH AND CASH EQUIVALENTS

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Balance with banks   |                                      |                                      |
| - in current accounts  | 0.04                                 | 124.43                               |
| Cash on hand   | 0.10                                 | 0.14                                 |
| Bank deposits with original maturity of less than three months | -                                    | 220.28                               |
| <b>Total cash and cash equivalents</b>                         | <b>0.14</b>                          | <b>344.85</b>                        |

### 13. OTHER BANK BALANCES

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Bank deposits with original maturity of more than three months but residual maturity of less than twelve months | 0.94                                 | 240.08                               |
| <b>Total other bank balances</b>  | <b>0.94</b>                          | <b>240.08</b>                        |

### 14.(A) EQUITY SHARE CAPITAL

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Authorised share capital</b>  |                                      |                                      |
| 998,500,000 (31 <sup>st</sup> March 2020: 50,500,000) equity shares of ₹ 10 each               | 9,985.00                             | 505.00                               |
| <b>Issued, subscribed and paid up share capital</b>  |                                      |                                      |
| 572,980,560 (31 <sup>st</sup> March 2020: 47,153,944) equity shares of ₹ 10 each fully paid up | 5,729.80                             | 471.54                               |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### i) Reconciliation of shares outstanding at the beginning and at the end of the year

| Number of shares  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Equity shares outstanding at the beginning of the year  | 47,153,944                           | 27,718,376                           |
| Less: Buyback of shares (refer note v below)  | -                                    | (2,592,935)                          |
| Add : Conversion of compulsory convertible preference shares into equity shares (refer note vi below) | 594,436                              | -                                    |
| Add : Issue of shares   | -                                    | 22,028,503                           |
| Add : Bonus shares issued during the year (refer note vii below)                                      | 525,232,180                          | -                                    |
| <b>Equity shares outstanding at the end of the year</b>   | <b>572,980,560</b>                   | <b>47,153,944</b>                    |

| Amount  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Equity shares outstanding at the beginning of the year  | 471.54                               | 277.18                               |
| Less: Buyback of shares (refer note v below)  | -                                    | (25.93)                              |
| Add : Conversion of compulsory convertible preference shares into equity shares (refer note vi below) | 5.94                                 | -                                    |
| Add : Issue of shares   | -                                    | 220.29                               |
| Add : Bonus shares issued during the year (refer note vii below)                                      | 5,252.32                             | -                                    |
| <b>Equity shares outstanding at the end of the year</b>   | <b>5,729.80</b>                      | <b>471.54</b>                        |

### ii) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### iii) Shares of the Company held by Holding Company

|                                  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Singapore VII Topco III Pte. Ltd | 379,771,512                          | 31,053,190                           |

### iv) Details of shareholders holding more than 5% of the total number of equity shares in the Company

| Number of shares  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Singapore VII Topco III Pte. Ltd  | 379,771,512                          | 31,053,190                           |
| Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited) | 193,208,904                          | 16,100,742                           |

| Percentage  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Singapore VII Topco III Pte. Ltd  | 66.28%                               | 65.85%                               |
| Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited) | 33.72%                               | 34.15%                               |

(v) The shareholders of the Company approved the buyback of 2,592,935 equity shares on 3<sup>rd</sup> July 2019 and subsequently on 5<sup>th</sup> July 2019, Company has bought back 2,592,935 equity shares and Capital Redemption Reserve has been created in accordance with provision of the Companies Act, 2013 for the buy back of equity shares. Other than this, the Company has not bought back any shares during the period ended 31<sup>st</sup> March 2021 and five years immediately preceding the year ended 31<sup>st</sup> March 2020 .

(vi) In the board meeting on 27<sup>th</sup> January 2021 the Board of Directors of the Company has approved the conversion of the compulsorily convertible preference shares (CCPS) into the equity shares of the Company in accordance with the Share Subscription and Share Purchase Agreement dated 16<sup>th</sup> October 2018 executed between inter alia, the Company and the Investor. Number of equity shares issued against conversion of CCPS : 594,436.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

(vii) The Board of Directors of the Company have approved the following: issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each (including the equity shares issued upon conversion of the Compulsorily Convertible Preference Shares (CCPS) and accordingly 525,232,180 bonus shares were issued, which were allotted on 10<sup>th</sup> February 2020. Other than this, the Company has not issued any shares pursuant to contracts without payment being received in cash, or allotted as fully paid up by way of bonus shares during the period ended 31<sup>st</sup> March 2021 and five years immediately preceding the year ended 31<sup>st</sup> March 2020.

### 14.(B) INSTRUMENTS ENTIRELY EQUITY IN NATURE

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Authorised share capital</b>  |                                      |                                      |
| 1,500,000 (31 <sup>st</sup> March 2020: 1,500,000) preference shares of ₹ 10 each                                | 15.00                                | 15.00                                |
| <b>Issued, subscribed and paid up share capital</b>  |                                      |                                      |
| Nil (31 <sup>st</sup> March 2020: 594,436) Compulsorily convertible preference shares of ₹ 10 each fully paid up | -                                    | 5.94                                 |

### i) Reconciliation of shares outstanding at the beginning and at the end of the year

| Number of shares  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Compulsorily convertible preference shares outstanding at the beginning of the year                     | 594,436                              | -                                    |
| Add : Issue of shares   | -                                    | 594,436                              |
| Less : Conversion of compulsory convertible preference shares into equity shares (Refer Note below (v)) | (594,436)                            | -                                    |
| Compulsorily convertible preference shares outstanding at the end of the year                           | -                                    | 594,436                              |

| Amount  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Compulsorily convertible preference shares outstanding at the beginning of the year                     | 5.94                                 | -                                    |
| Add: Issue of 594,436 preference shares of ₹ 10 each fully paid up                                      | -                                    | 5.94                                 |
| Less : Conversion of compulsory convertible preference shares into equity shares (Refer Note below (v)) | (5.94)                               | -                                    |
| Compulsorily convertible preference shares outstanding at the end of the year                           | -                                    | 5.94                                 |

### ii) Rights, preferences and restrictions attached to preference shares

Each compulsorily convertible preference shares (CCPS) has a par value of ₹ 10 and would be converted into equity shares of the holding company on the date falling five years from the date of issue of such CCPS or the last date of conversion under applicable laws, whichever is earlier. The preference shareholders shall receive a dividend of 0.01% per annum and carry a preferential right vis-à-vis equity shares of the holding company with respect to payment of dividend or repayment of capital. Each CCPS shall have the same voting as that given to the equity shareholders in the shareholders' meeting, to the extent of their respective ownership of equity shares (assuming the CCPS have been converted into equity shares in accordance with their terms). The preference shares shall have preferential rights vis-a-vis the equity shares, with respect to interest and other distribution rights and rights on liquidation, dissolution and winding up of the affairs of the holding company.

### iii) Shares of the Company held by Holding Company

|                                  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Singapore VII Topco III Pte. Ltd | -                                    | 594,436                              |

### iv) Details of shareholders holding more than 5% of the total number of preference shares in the Company

| Number of shares                 | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Singapore VII Topco III Pte. Ltd | -                                    | 594,436                              |

| Percentage                       | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Singapore VII Topco III Pte. Ltd | -                                    | 100.00%                              |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 15. OTHER EQUITY

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Retained earnings                                     | 4,095.10                             | 3,119.09                             |
| General reserve                                       | 120.00                               | 120.00                               |
| Securities premium                                    | 2,608.03                             | 7,881.33                             |
| Capital redemption reserve                            | 25.93                                | 25.93                                |
| Equity instruments through other comprehensive income | (328.28)                             | (309.28)                             |
| Employee's stock options reserve                      | 45.37                                | -                                    |
| <b>Total reserves and surplus</b>                     | <b>6,566.16</b>                      | <b>10,837.06</b>                     |

#### a) Retained earnings

Retained earnings represent the undistributed profits that the Company has till date and it includes remeasurements of defined benefit obligation.

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Opening balance   | 3,119.09                             | 3,483.32                             |
| Net profit for the year   | 1,880.41                             | 840.79                               |
| Remeasurement of defined benefit obligations, net of tax                    | (0.38)                               | 1.71                                 |
| Less: Ind-AS 116 transition adjustments (net of adjustment of deferred tax) | -                                    | (13.73)                              |
| Less: Dividend paid   | (904.02)                             | (968.09)                             |
| Less: Tax on dividend   | -                                    | (198.99)                             |
| Less : Transfer to capital redemption reserve                               | -                                    | (25.93)                              |
| <b>Closing balance</b>  | <b>4,095.10</b>                      | <b>3,119.09</b>                      |

#### b) General reserve

|                 | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|-----------------|--------------------------------------|--------------------------------------|
| Opening balance | 120.00                               | 120.00                               |
| Closing balance | <b>120.00</b>                        | <b>120.00</b>                        |

The Company transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. This reserve is available for distribution to shareholders in accordance with provisions of Companies Act, 2013.

#### c) Securities premium

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Opening balance  | 7,881.33                             | 382.14                               |
| Premium on fresh issue of equity shares                              | -                                    | 8,257.02                             |
| Premium on fresh issue of compulsorily convertible preference shares | -                                    | 222.81                               |
| Less: Securities premium utilised on bonus share issue               | (5,252.32)                           | -                                    |
| Less: Stamp duty paid for increase in authorised share capital       | (20.97)                              | (8.72)                               |
| Less: Premium paid on buy back of shares                             | -                                    | (788.28)                             |
| Less: Tax paid on buy back of shares                                 | -                                    | (183.64)                             |
| <b>Closing balance</b>   | <b>2,608.03</b>                      | <b>7,881.33</b>                      |

Securities premium represents premium received on issuance of shares. The balance is utilised in accordance with the provisions of the Companies Act, 2013.

#### d) Capital redemption reserve

|                                    | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|------------------------------------|--------------------------------------|--------------------------------------|
| Opening balance                    | 25.93                                | -                                    |
| Transferred from retained earnings | -                                    | 25.93                                |
| <b>Closing balance</b>             | <b>25.93</b>                         | <b>25.93</b>                         |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

Companies Act, 2013 requires that where a Company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares. The Company established this reserve pursuant to the buyback of shares in the previous year.

#### e) Equity instruments through other comprehensive income

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. Such fair value changes are not reclassified to profit or loss even upon disposal of the investment, but are transferred to retained earnings.

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Opening balance  | (309.28)                             | -                                    |
| Add: Net changes in fair values of equity instruments carried at fair value through other comprehensive income | (19.00)                              | (309.28)                             |
| <b>Closing balance</b>   | <b>(328.28)</b>                      | <b>(309.28)</b>                      |

#### f) Employee's stock options reserve

This reserve represents the shared based compensation expense recorded with the respect to options granted to employees as and when the related grant conditions are met and is adjusted on exercise/ forfeiture of options.

|                               | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Opening balance               | -                                    | -                                    |
| Add: Movement during the year | 45.37                                | -                                    |
| <b>Closing balance</b>        | <b>45.37</b>                         | <b>-</b>                             |

## 16. BORROWINGS

### (i) Non - current borrowings

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Secured</b>   |                                      |                                      |
| <b>Term loans from banks</b>   |                                      |                                      |
| Indian rupee loans   | 2,489.41                             | 2,179.70                             |
| Vehicle loans  | 8.07                                 | 10.49                                |
| Deferred payment liabilities   | 20.13                                | 31.54                                |
|  | <b>2,517.61</b>                      | <b>2,221.73</b>                      |
| Less: Amount disclosed under other financial liabilities (refer note 20) | (610.60)                             | (453.51)                             |
| <b>Total non-current borrowings</b>                                      | <b>1,907.01</b>                      | <b>1,768.22</b>                      |

### (ii) Current borrowings

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Indian Rupee loans repayable on demand from banks - secured* | 532.36                               | 545.09                               |
| Bills discounted from financial institution - unsecured**    | 62.64                                | -                                    |
| <b>Total current borrowings</b>                              | <b>595.00</b>                        | <b>545.09</b>                        |

\*\* The Company enters into factoring arrangements with recourse for its trade receivables with various banks. As at 31<sup>st</sup> March 2021 the Company had factoring facilities in place for trade receivables and amount of ₹ 62.64 million were realised by using these facilities against which the monies were yet to be collected by the financial institution from the Company's customers. The Company does not derecognize the receivables from its books since, it does not transfer substantially all the risks and rewards of ownership of the financial asset (i.e. receivables) and a corresponding liability towards the banks is recognised in respect of aforementioned amounts so realised by the Company from the banks but yet to be collected by the financial institution from the Company's customers.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

| iii) Terms of Long term borrowing  |                                | As at 31 <sup>st</sup> March 2021  | As at 31 <sup>st</sup> March 2020   |
|------------------------------------|--------------------------------|--|---|
| Name of Bank/Financial institution | Particulars                    |  |   |
| HDFC (Term loan) - 1               | Outstanding Amount (₹ million) | 197.12   | 269.07  |
|                                    | Interest rate<br>Security      | 0.50% above one year MCLR of HDFC Bank<br>1. First pari passu charge on entire movable & immovable fixed assets of the company<br>2. Second pari passu charge on current assets (present and future) of the company  | 1 Year MCLR + 185 bps   |
| HDFC (Term loan) - 2               | Repayment schedule             | Quarterly Installments<br>4 Installment of ₹ 22.24 million (Total ₹ 88.96)<br>4 Installment of ₹ 26.69 million (Total ₹ 106.75 million)  | Quarterly Installments<br>4 Installment of ₹ 17.79 million total amounting ₹ 71.17 million<br>4 Installment of ₹ 22.24 million (Total ₹ 88.96)<br>4 Installment of ₹ 26.69 million (Total ₹ 106.75 million) |
|                                    | Outstanding Amount (₹ million) | 776.72   | 989.56  |
| HDFC (Term loan) - 3               | Interest rate<br>Security      | 0.50% above one year MCLR of HDFC Bank<br>1. First pari passu charge on entire movable & immovable fixed assets of company<br>2. Second pari passu charge on current assets (present and future) of company  | 1 Year MCLR + 185 bps   |
|                                    | Repayment schedule             | Quarterly 11 installments of ₹ 70.15 each total amounting ₹ 771.60 million   | Quarterly 14 Installment of ₹ 70.15 million each (Total ₹ 982.04 million)   |
| HDFC (Term loan) - 4               | Outstanding Amount (₹ million) | 688.03   | 424.56  |
|                                    | Interest rate<br>Security      | 0.85% above one year MCLR of HDFC Bank<br>1. First pari passu charge on entire movable & immovable fixed assets of the company<br>2. Second pari passu charge on current assets (present and future) of the company  | 0.85% above one year MCLR of HDFC Bank  |
| HDFC (Term loan) - 5               | Repayment schedule             | Quarterly 18 Installment of ₹ 37.96 million each starting from 1 <sup>st</sup> October 2021 (Total ₹ 683.28 million)   | Quarterly 18 Installment of ₹ 23.41 million each starting from 1 <sup>st</sup> October 2021, (total amounting ₹ 421.44)   |
|                                    | Outstanding Amount (₹ million) | 458.18   | -   |
| HDFC (Term loan) - 6               | Interest rate<br>Security      | 0.20% above six month MCLR of HDFC Bank<br>1. Movable Fixed assets: First pari-passu charge on the entire movable fixed assets, present and future of the Company<br>2. Immoveable Fixed assets: First pari-passu charge on the immoveable fixed assets situated at Gurgaon.<br>3. Current Assets: Second pari-passu charge on entire current assets of the Company, both present and future | -   |
|                                    | Repayment schedule             | Quarterly 16 Installment of ₹ 28.48 million each starting from 23 <sup>rd</sup> December 2022 (Total amounting ₹ 455.73 million)   | -   |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

| Name of Bank/Financial institution |                                | As at 31 <sup>st</sup> March 2021   | As at 31 <sup>st</sup> March 2020  |
|------------------------------------|--------------------------------|---|--|
| Name of Bank/Financial institution | Particulars                    |   |  |
| Citi Bank (Term loan)              | Outstanding Amount (₹ million) | 377.31  | 500.00   |
|                                    | Interest rate<br>Security      | 3 Months T-Bill Rate +3.67%<br>1. First pari passu charge on entire fixed assets of company excluding immovable fixed assets situated at Pune.<br>2. Second pari passu charge on entire current assets of the company | 3 Months T-Bill Rate +3.67%  |
| Yes Bank (Vehicle loan)            | Repayment schedule             | Quarterly Installments<br>12 Installments of ₹ 31.25 million each total amounting ₹ 375.00 million  | Quarterly Installments<br>16 Installments of ₹ 31.25 million each total amounting ₹ 500 million  |
|                                    | Outstanding Amount (₹ million) | 3.01  | 3.62   |
| HDFC (Vehicle loan)                | Interest rate<br>Security      | Interest ranging from 8.39% 9.61%<br>Vehicle  | Interest ranging from 8.39% 9.61%<br>Vehicle   |
|                                    | Repayment schedule             | Monthly installment ranging from 19-28 EMI's and amount ranging from ₹ 12,236 - ₹ 37,752.   | Monthly installment ranging from 24-33 EMI's and amount ranging from ₹ 12,236 - ₹ 37,752.  |
| State Bank Of India New Delhi-CC   | Outstanding Amount (₹ million) | 5.11  | 6.87   |
|                                    | Interest rate<br>Security      | Interest ranging from 7.75% to 9%<br>Vehicle  | Interest ranging from 7.75% to 9%<br>Vehicle   |
| Deferred payment liabilities       | Repayment schedule             | Monthly installment ranging from 32-47 EMI's and amount ranging from ₹ 10,455 - ₹ 77,150.   | Monthly installment ranging from 32-56 EMI's and amount ranging from ₹ 10,455 - ₹ 77,150.  |
|                                    | Outstanding Amount (₹ million) | 20.13   | 31.54  |
| State Bank Of India New Delhi-CC   | Outstanding Amount (₹ million) | 0.10  | 41.57  |
|                                    | Interest rate<br>Security      | MCLR(1yr)+55 bps(5.6%-6.05%)<br>First pari passu on the entire (present & future) current assets of the Company, Second charge is on all fixed assets of the company  | MCLR(1yr)+55 bps(5.6%-6.05%)<br>First pari passu on the entire (present & future) current assets of the Company, Second charge is on all fixed assets of the company |
| State Bank Of India New Delhi-CC   | Repayment schedule             | Repayable on demand   | Repayable on demand  |
|                                    | Outstanding Amount (₹ million) | 39.56   | -  |
| State Bank Of India New Delhi-CC   | Interest rate<br>Security      | MCLR(1yr)+85 bps<br>First pari passu on the entire (present & future) current assets of the Company, Second on all fixed assets of the company  | -  |
|                                    | Repayment schedule             | Repayable on demand   | -  |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

| Name of Bank/Financial Institution      | Particulars                    | As at 31 <sup>st</sup> March 2021 |  | As at 31 <sup>st</sup> March 2020 |                                      |
|---|--------------------------------|-----------------------------------|--|-----------------------------------|--------------------------------------|
|   |                                | Outstanding Amount (₹ million)    | Interest rate  | Outstanding Amount (₹ million)    | Interest rate                        |
| Citi Bank-EPC                           | Outstanding Amount (₹ million) | 143.58                            | Mutually agreed 6.5%/3.5% (before/after interest subvention)   | -                                 | -                                    |
|   | Interest rate                  | -                                 | First pari passu on the entire (present & future) current assets of the Company, Second on all movable fixed assets of the company and immovable property of Gurgaon plant only. | -                                 | -                                    |
| IndusInd Bank-CC                        | Repayment schedule             | -                                 | Repayable on demand  | -                                 | 68.08                                |
|   | Outstanding Amount (₹ million) | -                                 | MCLR(1yr)+80 bps   | -                                 | MCLR(1yr)+80 bps(10.25%-10.5%)       |
| HDFC Bank-CC                            | Interest rate                  | 13.12                             | First pari passu on all current assets of the company. Second on fixed assets(present & future) of the company   | 255.27                            | MCLR(1yr)+130 bps(9.60-9.65%)        |
|   | Security                       | -                                 | Repayable on demand  | -                                 | -                                    |
| HDFC Bank-EPC 1                         | Repayment schedule             | 336.01                            | As mutually agreed 4.3%/7.3% (before/after interest subvention)  | 121.09                            | Repayable on demand                  |
|   | Outstanding Amount (₹ million) | -                                 | 8.5%-3%=5.85%  | -                                 | -                                    |
| Yes Bank-CC                             | Interest rate                  | 0.00                              | First pari passu on all current assets of the company. Second on fixed assets(present & future) of the company   | 59.03                             | Repayable on demand                  |
|   | Security                       | -                                 | Repayable on demand  | -                                 | -                                    |
| Tata Capital loan-Financial Institution | Repayment schedule             | 62.64                             | 3 months MCLR +60% p.a (7.5%-9.8%)   | -                                 | 3 months MCLR +60% p.a (9.8%-10.50%) |
|   | Outstanding Amount (₹ million) | -                                 | First pari passu on the entire (present & future) current assets of the Company, Second on all movable fixed assets of the company and immovable property of gurgaon plant only. | -                                 | -                                    |
| -                                       | Interest rate                  | -                                 | The interest rate agreed with customer is 0.45% for 30 days credit period (current effective rate is 5.48% p.a.).  | -                                 | -                                    |
|   | Security                       | -                                 | Trade receivables against corresponding loan   | -                                 | -                                    |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

## (iv) Assets pledged as security for borrowings

|                      | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|----------------------|-----------------------------------|-----------------------------------|
| <b>Non-current</b>   |                                   |                                   |
| Non financial assets | 2,631.52                          | 2,138.42                          |
| <b>Current</b>       |                                   |                                   |
| Financial assets     | 2,478.63                          | 1,334.39                          |
| Non financial assets | 997.69                            | 614.14                            |

## (v) Lease liabilities

|                                   | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Non-current</b>                |                                   |                                   |
| Lease liabilities (refer note 43) | 679.51                            | 480.33                            |
| <b>Current</b>                    |                                   |                                   |
| Lease liabilities (refer note 43) | 91.04                             | 61.73                             |
|                                   | <b>91.04</b>                      | <b>61.73</b>                      |

## (vi) Reconciliation of liabilities arising from financing activities (as per requirements of Ind AS 7 'Statement of cashflows')

The changes of the Company's liabilities arising from financing activities can be classified as follows:

|   | Long term borrowings | Short term borrowings | Leases        | Total           |
|---|----------------------|-----------------------|---------------|-----------------|
| <b>Balance as at 1<sup>st</sup> April 2019</b>                    | <b>1,070.94</b>      | <b>389.10</b>         | <b>180.83</b> | <b>1,640.87</b> |
| <b>Cash Flows:</b>  |                      |                       |               |                 |
| Repayment of non-current borrowings                               | (373.66)             | -                     | -             | (373.66)        |
| Proceeds from non-current borrowings                              | 1,607.55             | -                     | -             | 1,607.55        |
| Proceeds from current borrowings (net)                            | -                    | 155.99                | -             | 155.99          |
| Repayment of Deferred payment liabilities                         | (86.44)              | -                     | -             | (86.44)         |
| Repayment of lease liabilities                                    | -                    | -                     | (47.88)       | (47.88)         |
| <b>Non-cash changes:</b>  |                      |                       |               |                 |
| Amortisation of transaction cost based on effective interest rate | (0.68)               | -                     | -             | (0.68)          |
| Interest expense on lease liabilities                             | -                    | -                     | 38.67         | 38.67           |
| Creation of lease liabilities under Ind AS 116                    | -                    | -                     | 374.20        | 374.20          |
| Terminated during the year  | -                    | -                     | (3.76)        | (3.76)          |
| Unwinding of discount on deferred payment liabilities             | 4.02                 | -                     | -             | 4.02            |
| <b>Balance as at 31<sup>st</sup> March 2020</b>                   | <b>2,221.73</b>      | <b>545.09</b>         | <b>542.06</b> | <b>3,308.88</b> |
| <b>Cash Flows:</b>  |                      |                       |               |                 |
| Repayment of non-current borrowings                               | (407.97)             | -                     | -             | (407.97)        |
| Proceeds from non-current borrowings                              | 717.57               | -                     | -             | 717.57          |
| Proceeds from current borrowings (net)                            | -                    | 49.91                 | -             | 49.91           |
| Repayment of Deferred payment liabilities                         | (12.47)              | -                     | -             | (12.47)         |
| Repayment of lease liabilities                                    | -                    | -                     | (81.04)       | (81.04)         |
| <b>Non-cash changes</b>   |                      |                       |               |                 |
| Amortisation of transaction cost based on effective interest rate | (2.32)               | -                     | -             | (2.32)          |
| Unwinding of discount on deferred payment liabilities             | 1.07                 | -                     | -             | 1.07            |
| Interest expense on lease liabilities                             | -                    | -                     | 68.99         | 68.99           |
| Creation of lease liabilities under Ind AS 116                    | -                    | -                     | 240.54        | 240.54          |
| <b>Balance As at 31<sup>st</sup> March 2021</b>                   | <b>2,517.61</b>      | <b>595.00</b>         | <b>770.55</b> | <b>3,883.16</b> |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 17. OTHER FINANCIAL LIABILITIES

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Non current</b>   |                                      |                                      |
| Security deposits  | 1.24                                 | 1.24                                 |
| <b>Total other financial liabilities - non current</b>             | <b>1.24</b>                          | <b>1.24</b>                          |
| <b>Current</b>   |                                      |                                      |
| Current maturities of long-term borrowings (refer note 16)         | 573.89                               | 409.06                               |
| Current maturities of deferred payment liabilities (refer note 16) | 20.64                                | 31.54                                |
| Interest accrued but not due on borrowings (refer note 16)         | 16.07                                | 12.91                                |
| Employee benefits payable  | 32.31                                | 60.80                                |
| Capital creditors  | 131.92                               | 98.83                                |
| Forward contract payables  | -                                    | 78.15                                |
| Other payables   | 30.46                                | 48.37                                |
| <b>Total other financial liabilities - current</b>                 | <b>805.29</b>                        | <b>739.66</b>                        |

### 18. PROVISIONS

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Non current</b>  |                                      |                                      |
| Provision for compensated absences                            | 38.40                                | 29.78                                |
| <b>Total provisions - non current</b>                         | <b>38.40</b>                         | <b>29.78</b>                         |
| <b>Current</b>  |                                      |                                      |
| Provision for defined benefit plans (gratuity)(refer note 38) | 12.98                                | 6.94                                 |
| Provision for compensated absences                            | 17.02                                | 13.12                                |
| <b>Total provisions - current</b>                             | <b>30.00</b>                         | <b>20.06</b>                         |

The reconciliation of the carrying amount of provision from beginning of the year to end of the year is provided below:

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Provision for Defined Benefit Plan</b> |                                      |                                      |
| Opening balance                           | 6.94                                 | 1.43                                 |
| Additions                                 | 7.67                                 | 5.79                                 |
| Amounts utilised                          | (1.63)                               | (0.27)                               |
| <b>Closing balance</b>                    | <b>12.98</b>                         | <b>6.94</b>                          |
| <b>Provision for Compensated Absences</b> |                                      |                                      |
| Opening balance                           | 42.90                                | 36.88                                |
| Additions                                 | 38.53                                | 26.19                                |
| Amounts utilised                          | (26.01)                              | (20.17)                              |
| <b>Closing balance</b>                    | <b>55.42</b>                         | <b>42.90</b>                         |

### 19. DEFERRED TAX LIABILITIES (NET)

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Deferred tax liabilities</b>                       |                                      |                                      |
| Property, plant and equipment and intangible assets   | 142.26                               | 122.24                               |
| Others  | 8.62                                 | 2.02                                 |
| <b>Total deferred tax liabilities</b>                 | <b>150.88</b>                        | <b>124.26</b>                        |
| <b>Deferred tax assets</b>                            |                                      |                                      |
| Expenditure allowed for tax purposes on payment basis | 20.45                                | 13.51                                |
| Others  | 25.29                                | 26.23                                |
| <b>Total deferred tax assets</b>                      | <b>45.74</b>                         | <b>39.75</b>                         |
| <b>Total</b>  | <b>105.14</b>                        | <b>84.52</b>                         |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### a) Movement in deferred tax assets/liabilities

|  | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|--|-----------------------------|-----------------------------|
| <b>Movement in deferred tax liabilities</b>                |                             |                             |
| <b>Property, plant and equipment and intangible assets</b> |                             |                             |
| Opening balance  | 122.24                      | 132.57                      |
| Charged/(credited):  |                             |                             |
| - to profit or loss  | 20.02                       | (10.33)                     |
| <b>Closing balance</b>                                     | <b>142.26</b>               | <b>122.24</b>               |
| <b>Provision for employee benefits obligation</b>          |                             |                             |
| Opening balance  | 13.51                       | 15.25                       |
| Charged/(credited):  |                             |                             |
| - to profit or loss  | 6.81                        | (2.31)                      |
| - to other comprehensive income                            | 0.13                        | 0.57                        |
| - directly in equity                                       | -                           | -                           |
| <b>Closing balance</b>                                     | <b>20.45</b>                | <b>13.51</b>                |
| <b>Others</b>  |                             |                             |
| Opening balance  | 24.21                       | 0.39                        |
| Charged/(credited):  |                             |                             |
| - to profit or loss  | (7.54)                      | 23.82                       |
| <b>Closing balance</b>                                     | <b>16.67</b>                | <b>24.21</b>                |

Deferred tax assets amounting to ₹ 82.62 million as at 31<sup>st</sup> March 2021 (31<sup>st</sup> March 2020: ₹ 77.84 million) on fair value adjustment recognised in respect of investments held in Sona Holding B.V. The Netherlands has not been recognised due to uncertainty regarding the allowability of such loss.

### 20. TRADE PAYABLES

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Trade payables   |                                      |                                      |
| - micro enterprises and small enterprises (refer to note 41) | 198.78                               | 55.99                                |
| - other than micro enterprises and small enterprises         | 734.72                               | 492.37                               |
| <b>Total Trade payables</b>                                  | <b>933.50</b>                        | <b>548.36</b>                        |

#### Note:

(i) Refer note 36 for balance payable to related parties

### 21. OTHER CURRENT LIABILITIES

|                                  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Statutory dues payable           | 40.15                                | 13.30                                |
| Advance from customers           | 91.66                                | 53.05                                |
| <b>Total current liabilities</b> | <b>131.81</b>                        | <b>66.35</b>                         |

### 22. CURRENT TAX LIABILITIES

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Income tax liabilities (net) (Net of advance tax 339.41 million; (31 <sup>st</sup> March 2020 ₹ Nil)) | 32.40                                | -                                    |
| <b>Total current tax liabilities</b>  | <b>32.40</b>                         | <b>-</b>                             |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 23. REVENUE FROM OPERATIONS

|                                      | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--------------------------------------|--|--|
| Sale of goods                        | 7,177.94                                       | 5,157.19                                       |
| <b>Other operating revenue</b>       |  |  |
| Scrap sales                          | 226.89   | 140.94   |
| Export incentive                     | 85.79  | 88.78  |
| Liabilities written back             | -  | (0.00)   |
| Foreign exchange gain (net)          | 181.11   | (0.00)   |
| <b>Total revenue from operations</b> | <b>7,671.73</b>                                | <b>5,386.91</b>                                |

### 24. OTHER INCOME

|                                 | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---------------------------------|--|--|
| Interest income                 | 7.23   | 8.91   |
| Other non- operating income     | -  | 0.92   |
| Dividend income from subsidiary | 759.97   | -  |
| <b>Total other income</b>       | <b>767.20</b>                                  | <b>9.83</b>                                    |

### 25. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

|   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| <b>Inventories at the beginning of the year</b> |  |  |
| Work-in-progress                                | 148.30   | 149.68   |
| Finished goods                                  | 145.96   | 181.58   |
|   | <b>294.26</b>                                  | <b>331.26</b>                                  |
| <b>Inventories at the end of the year</b>       |  |  |
| Work-in-progress                                | 257.00   | 148.30   |
| Finished goods                                  | 306.02   | 145.96   |
|   | <b>563.02</b>                                  | <b>294.26</b>                                  |
| <b>Changes in inventories</b>                   | <b>(268.76)</b>                                | <b>37.00</b>                                   |

### 26. EMPLOYEE BENEFITS EXPENSE

|   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| Salaries, wages and allowances                            | 470.33   | 381.58   |
| Contribution to provident and other funds (refer note 38) | 37.95  | 41.97  |
| Staff welfare expenses                                    | 80.55  | 63.57  |
| Share based payment to employees (refer note 45)          | 30.61  | -  |
| <b>Total employee benefits expense</b>                    | <b>619.44</b>                                  | <b>487.11</b>                                  |

### 27. FINANCE COSTS

|   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| Interest on loans                             | 200.25   | 174.35   |
| Other borrowing costs                         | 5.12   | 6.33   |
| Bank and other finance charges                | 6.89   | 12.40  |
| Interest on lease liabilities (refer note 43) | 68.99  | 38.67  |
| Interest expenses on others                   | 8.84   | -  |
| <b>Total finance costs</b>                    | <b>290.09</b>                                  | <b>231.75</b>                                  |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 28. DEPRECIATION AND AMORTISATION EXPENSE

|  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| Depreciation of property, plant and equipment      | 394.00   | 292.57   |
| Amortisation of intangible assets                  | 17.79  | 15.15  |
| Amortisation of right-of-use assets                | 56.27  | 34.48  |
| <b>Total depreciation and amortisation expense</b> | <b>468.06</b>                                  | <b>342.20</b>                                  |

### 29. OTHER EXPENSES

|  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| Consumption of stores, spares and tool                                   | 641.82   | 375.80   |
| Power and fuel   | 341.55   | 279.72   |
| Freight, clearing and forwarding charges                                 | 85.82  | 71.46  |
| Packing material   | 128.26   | 60.41  |
| Sub contracting cost   | 575.86   | 483.76   |
| Rent (Refer note 43)   | 21.15  | 19.63  |
| Repairs and maintenance - plant and machinery                            | 159.31   | 107.86   |
| Repair and maintenance - buildings                                       | 19.16  | 7.39   |
| Repair and maintenance - others  | 45.62  | 26.69  |
| Manpower hiring on contract  | 287.72   | 169.35   |
| Legal and professional charges (refer note a below)                      | 82.83  | 85.05  |
| Rates and taxes  | 4.19   | 8.51   |
| Insurance  | 15.55  | 11.81  |
| Travelling, conveyance and vehicle expenses                              | 33.67  | 44.79  |
| Communication and stationery expenses                                    | 13.27  | 14.31  |
| Security charges   | 16.28  | 13.41  |
| Corporate social responsibility expense (refer note b below and note 56) | 25.44  | 11.79  |
| Business promotion   | 4.63   | 13.04  |
| Foreign exchange loss (net)  | -  | 20.56  |
| Directors sitting fees   | 27.01  | 19.74  |
| Loss on sale of fixed assets (net)                                       | 2.92   | 5.25   |
| Bad Debts written off  | 0.16   | -  |
| Advances written off   | 1.27   | -  |
| Provision for doubtful debts   | -  | 0.86   |
| Provision for advances   | -  | 2.66   |
| Provision for other receivables  | 0.87   | -  |
| Miscellaneous expenses   | 6.45   | 16.07  |
| <b>Total other expenses</b>  | <b>2,540.81</b>                                | <b>1,869.91</b>                                |

#### a) Details of payment to auditors\*

|   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| <b>Payments to the statutory auditor:</b> |  |  |
| (a) For Statutory Audit                   | 3.00   | 4.70   |
| (b) For other services                    | 0.12   | 0.14   |
| (c) For reimbursement of expenses         | 0.08   | 0.68   |

\* Excluding applicable taxes and fees paid for services related to proposed Initial Public Offer amounting to INR 21.72 mn (Refer note 54)

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### b) Corporate social responsibility expenditure

|  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| <b>Gross amount required to be spent by the Company during the period/year as per Section 135 of the Act</b> | 25.44  | 22.99  |
| Amount spent during the year on:   |  |  |
| (i) Construction/acquisition of an asset   | -  | -  |
| (ii) On purposes other than (i) above  | 20.91  | 11.79  |
|  | <b>20.91</b>                                   | <b>11.79</b>                                   |
| <b>Amount yet to be spent (refer note 56)</b>  | 4.53   | 11.20  |

### 30. INCOME TAX EXPENSE

|                                 | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|---------------------------------|-----------------------------------|-----------------------------------|
| Current tax                     | 368.03                            | 124.05                            |
| Deferred tax charge/(credit)    | 20.75                             | (28.37)                           |
| <b>Total Income Tax expense</b> | <b>388.78</b>                     | <b>95.68</b>                      |

### a) The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

|   | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|---|-----------------------------------|-----------------------------------|
| <b>Profit before income tax expense</b>   | 2,269.19                          | 936.47                            |
| <b>Income tax as per statement of profit and loss</b>   | 388.78                            | 95.68                             |
| <b>Tax at the Indian tax rate of 25.167% (31<sup>st</sup> March 2020: 25.167%)</b>                      | 571.09                            | 235.71                            |
| Effect of non-deductible expenses   | 6.40                              | 1.61                              |
| Transaction cost of an equity transaction   | -                                 | (16.09)                           |
| Dividend received from subsidiary   | (191.27)                          | -                                 |
| Tax effect of write off of investment in respect of which deferred tax asset was not recognised earlier | -                                 | (102.60)                          |
| Change in tax rate  | -                                 | (32.72)                           |
| Others  | 2.56                              | 9.77                              |
| <b>Income tax expense (as per statement of profit and loss)</b>   | <b>388.78</b>                     | <b>95.68</b>                      |

The Taxation Laws (Amendment) Act, 2019 has amended the Income-tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to the Company to pay Income Tax at concessional rate of 22% plus applicable surcharge and cess, subject to certain specified conditions, as compared to the earlier rate of 30% plus applicable surcharge and cess for the assessment year 2020-21 onwards. The company have opted for the concessional tax rate during the year ended 31<sup>st</sup> March 2020 and accordingly remeasured deferred tax and current tax liability at such concessional rate.

### 31. RESEARCH AND DEVELOPMENT EXPENSES

|   | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|---|-----------------------------------|-----------------------------------|
| Revenue expenditure charged to statement of profit and loss |                                   |                                   |
| - Salary and allowances                                     | 5.74                              | 6.19                              |
| - Consumption of stores, spares and tools                   | 4.72                              | 2.27                              |
| - Others  | 1.01                              | 1.03                              |
| <b>Total research expenses</b>                              | <b>11.46</b>                      | <b>9.49</b>                       |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 32. FAIR VALUE MEASUREMENTS

#### a) Financial instruments by category

|                                    | As at 31 <sup>st</sup> March 2021 |          |                 | As at 31 <sup>st</sup> March 2020 |          |                 |
|------------------------------------|-----------------------------------|----------|-----------------|-----------------------------------|----------|-----------------|
|                                    | FVTPL                             | FVOCI    | Amortised cost  | FVTPL                             | FVOCI    | Amortised cost  |
| <b>Financial assets</b>            |                                   |          |                 |                                   |          |                 |
| Loans                              | -                                 | -        | 49.83           | -                                 | -        | 44.70           |
| Trade receivables                  | -                                 | -        | 2,478.63        | -                                 | -        | 1,334.39        |
| Cash and bank balances             | -                                 | -        | 1.08            | -                                 | -        | 584.94          |
| Other financial assets             | -                                 | -        | -               | -                                 | -        | 1.18            |
| Derivative financial assets        | 77.14                             | -        | -               | -                                 | -        | -               |
| <b>Total financial assets</b>      | <b>77.14</b>                      | <b>-</b> | <b>2,529.54</b> | <b>-</b>                          | <b>-</b> | <b>1,965.20</b> |
| <b>Financial liabilities</b>       |                                   |          |                 |                                   |          |                 |
| Borrowings                         | -                                 | -        | 3,112.61        | -                                 | -        | 2,766.82        |
| Trade payables                     | -                                 | -        | 933.50          | -                                 | -        | 548.35          |
| Other financial liabilities        | -                                 | -        | 195.93          | -                                 | -        | 209.25          |
| Lease liabilities                  | -                                 | -        | 770.55          | -                                 | -        | 542.05          |
| Derivative financial liabilities   | -                                 | -        | -               | 78.15                             | -        | -               |
| <b>Total financial liabilities</b> | <b>-</b>                          | <b>-</b> | <b>5,012.59</b> | <b>78.15</b>                      | <b>-</b> | <b>4,066.47</b> |

#### (b) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial investments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath.

#### i) Assets and liabilities measured at fair value - recurring fair value measurements

|   | Level 1  | Level 2      | Level 3  | Total        |
|---|----------|--------------|----------|--------------|
| <b>As at 31<sup>st</sup> March 2021</b>         |          |              |          |              |
| Foreign exchange forward contracts- asset       | -        | 77.14        | -        | 77.14        |
| <b>Total financial assets</b>                   | <b>-</b> | <b>77.14</b> | <b>-</b> | <b>77.14</b> |
| <b>As at 31<sup>st</sup> March 2020</b>         |          |              |          |              |
| Foreign exchange forward contracts- liabilities | -        | 78.15        | -        | 78.15        |
| <b>Total financial liabilities</b>              | <b>-</b> | <b>78.15</b> | <b>-</b> | <b>78.15</b> |

#### ii) Fair value of instruments measured at amortized cost

|                                    | Level   | As at 31 <sup>st</sup> March 2021 |                 | As at 31 <sup>st</sup> March 2020 |                 |
|------------------------------------|---------|-----------------------------------|-----------------|-----------------------------------|-----------------|
|                                    |         | Carrying value                    | Fair value      | Carrying value                    | Fair value      |
| <b>Financial assets</b>            |         |                                   |                 |                                   |                 |
| Trade receivables                  | Level 3 | 2,478.63                          | 2,478.63        | 1,334.39                          | 1,334.39        |
| Cash and bank balances             | Level 3 | 1.08                              | 1.08            | 584.94                            | 584.94          |
| Other financial assets             | Level 3 | -                                 | -               | 1.18                              | 1.18            |
| Loans                              | Level 3 | 49.83                             | 63.84           | 44.70                             | 54.37           |
| <b>Total financial assets</b>      |         | <b>2,529.54</b>                   | <b>2,543.55</b> | <b>1,965.20</b>                   | <b>1,974.88</b> |
| <b>Financial liabilities</b>       |         |                                   |                 |                                   |                 |
| Borrowings                         | Level 3 | 3,112.61                          | 3,112.61        | 2,766.82                          | 2,766.82        |
| Lease liabilities                  | Level 3 | 770.55                            | 770.55          | 542.05                            | 542.05          |
| Trade payable                      | Level 3 | 933.50                            | 933.50          | 548.35                            | 548.35          |
| Other financial liability          | Level 3 | 195.93                            | 195.93          | 209.25                            | 209.25          |
| <b>Total financial liabilities</b> |         | <b>5,012.59</b>                   | <b>5,012.59</b> | <b>4,066.47</b>                   | <b>4,066.47</b> |

There are no transfers amongst levels during the year.

Level 1: It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs other than Level 1 inputs; and

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 33. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to provide finance to the Company to support its operations. The Company's principal financial assets include loans, trade and other receivables; cash and bank balances etc. that derive directly from its operations.

The Company's activities expose it to the financial risk of market risk, credit risk and liquidity risk. The Company enters into a certain derivative financial instrument to manage its exposure to foreign currency. There have been no major changes to the Company's exposure to market risk or the manner in which it manages and measures the risk in recent past. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

#### (A) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument fails to discharge an obligation to the Company. The Company's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- Cash and cash equivalents
- Trade receivables
- Loans carried at amortized cost, and
- Other financial assets
- Derivative financial assets

#### (a) Credit Risk Management

##### (i) Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

- a) Low credit risk
- b) Moderate credit risk
- c) High credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognized in statement of profit and loss.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

The Company provides for expected credit loss based on the following:

| Asset group          | Categorization of items   | Provision for expenses credit loss  |
|----------------------|---|---|
| Low credit risk      | Cash and cash balances, loans, other financial assets and derivative financial assets | 12 month expected credit loss/life time expected credit loss  |
| Moderate credit risk | Trade receivables   | Other financial assets-12 month expected credit loss, unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss. |
| High credit risk     | Other financial assets  | Other financial assets-lifetime expected credit loss (when there is a significant deterioration), or specific provision, whichever is higher.   |

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

#### Financial assets that expose the entity to credit risk -

| Credit rating        | Particulars                 | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|----------------------|-----------------------------|-----------------------------------|-----------------------------------|
| Low credit risk      | Loans                       | 49.83                             | 44.70                             |
|                      | Cash and bank balances      | 1.08                              | 584.94                            |
|                      | Other financial assets      | -                                 | 1.18                              |
|                      | Derivative financial assets | 77.14                             | -                                 |
| Moderate credit risk | Trade receivables           | 2,478.63                          | 1,334.39                          |

\*These represent carrying values of financial assets, without deduction for expected credit losses

#### Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country. In respect of derivative assets, the credit risk is considered negligible as counterparties are banks.

#### Trade receivables

To mitigate the credit risk related to trade receivables, the Company closely monitors the credit-worthiness of the trade receivables through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due.

#### Other financial assets measured at amortized cost

Other financial assets measured at amortized cost includes security deposits, other receivables etc. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

#### (b) Expected credit losses for financial assets (other than trade receivables)

##### i) Financial assets (other than trade receivables)

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

For cash & cash equivalents and other Bank balances - Since the Company deals with only High-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as low.

For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

For other financial assets - Credit risk is evaluated based on Company knowledge of the Credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Company can draw to apply consistently to entire population. For such financial assets, the Company policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognized on such assets.

### ii) Expected credit loss for trade receivables under simplified approach

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach. In accordance with Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers etc. However, the allowance for lifetime expected credit loss on customer balances for the period ended 31<sup>st</sup> March 2021, and for the years ended 31<sup>st</sup> March 2020 is insignificant.

### Reconciliation of loss allowance

|   | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|---|-----------------------------|-----------------------------|
| At the beginning of year                    | 3.94                        | 3.08                        |
| Movement during the year                    | (0.97)                      | 0.86                        |
| <b>Total expected credit loss allowance</b> | <b>2.98</b>                 | <b>3.94</b>                 |

### Ageing of trade receivables is as follows:

|                                    | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|------------------------------------|-----------------------------|-----------------------------|
| Not due and due less than 6 months | 2,452.35                    | 1,331.59                    |
| Not due and due more than 6 months | 26.28                       | 2.80                        |
|                                    | <b>2,478.63</b>             | <b>1,334.39</b>             |

### (B) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and maintains adequate source of financing through the use of short term bank deposits, demand loans and cash credit facility. Processes and policies related to such risks are overseen by senior management.

#### (i) Maturities of financial liabilities

The table below provides details regarding the contractual maturities of significant financial liabilities:

#### Contractual maturities of financial liabilities: (undiscounted)

|                                   | Less than 1 year | 1 to 5 years    | More than 5 years | Total           |
|-----------------------------------|------------------|-----------------|-------------------|-----------------|
| <b>31<sup>st</sup> March 2021</b> |                  |                 |                   |                 |
| Borrowings                        | 1,352.70         | 2,129.88        | 88.58             | 3,571.16        |
| Trade payables                    | 933.50           | -               | -                 | 933.50          |
| Other financial liabilities       | 195.93           | -               | -                 | 195.93          |
| Lease liabilities                 | 91.04            | 407.04          | 911.61            | 1,409.68        |
| <b>Total</b>                      | <b>2,573.17</b>  | <b>2,536.90</b> | <b>1,000.19</b>   | <b>6,110.27</b> |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

|                                   | Less than 1 year | 1 to 5 years    | More than 5 years | Total           |
|-----------------------------------|------------------|-----------------|-------------------|-----------------|
| <b>31<sup>st</sup> March 2020</b> |                  |                 |                   |                 |
| Borrowings                        | 1,153.52         | 2,000.22        | 99.07             | 3,252.81        |
| Trade payables                    | 548.35           | -               | -                 | 548.35          |
| Other financial liabilities       | 222.15           | -               | -                 | 222.15          |
| Derivative financial liabilities  | 78.15            | -               | -                 | 78.15           |
| Lease liabilities                 | 64.62            | 279.61          | 668.21            | 1,012.44        |
| <b>Total</b>                      | <b>2,066.80</b>  | <b>2,279.83</b> | <b>767.28</b>     | <b>5,113.91</b> |

### (ii) Undrawn borrowing facilities

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

|                                       | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|---------------------------------------|-----------------------------|-----------------------------|
| Expiring within one year (bank loans) | 670.99                      | 532.65                      |

### (C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits and foreign currency receivables and payables. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to risk of changes in borrowing rates. The Board continuously monitors the prevailing interest rates in the market.

#### Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

| Particulars              | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|--------------------------|-----------------------------|-----------------------------|
| Variable rate borrowings | 3,084.41                    | 2,724.78                    |
| Fixed rate borrowings    | 28.20                       | 42.03                       |
| <b>Total borrowings</b>  | <b>3,112.61</b>             | <b>2,766.82</b>             |

#### Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates:

| Impact on profit after tax  | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|---|-----------------------------|-----------------------------|
| Interest rate increase by 1.00% (31 <sup>st</sup> March 2020: 1.00%)* | 21.74                       | 15.20                       |
| Interest rate decrease by 1.00% (31 <sup>st</sup> March 2020: 1.00%)* | (21.74)                     | (15.20)                     |

\* Holding other variables constant

#### (ii) Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the trade receivables and payables. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency (₹).

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

The Company's exposure to foreign currency risk at the end of the reporting period expressed as follows:

| Foreign currency                    | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|-------------------------------------|-----------------------------|-----------------------------|
| <b>Trade receivables and others</b> |                             |                             |
| United States Dollar (USD)          | 15.98                       | 7.24                        |
| Euro (EUR)                          | 0.40                        | 0.09                        |
| <b>Trade payables</b>               |                             |                             |
| United States Dollar (USD)          | 0.71                        | 0.24                        |
| Euro (EUR)                          | 0.00                        | 0.41                        |
| Japanese Yen (JPY)                  | 76.77                       | 38.72                       |
| Canadian Dollar (CAD)^              | 0.00                        | 0.00                        |
| Swiss Franc (CHF)                   | 0.01                        | 0.01                        |

^Rounded off to Nil

| Indian Rupee (₹)                    | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|-------------------------------------|-----------------------------|-----------------------------|
| <b>Trade receivables and others</b> |                             |                             |
| United States Dollar (USD)          | 1,168.01                    | 547.75                      |
| Euro (EUR)                          | 34.40                       | 7.44                        |
| <b>Trade payables</b>               |                             |                             |
| United States Dollar (USD)          | 51.86                       | 18.05                       |
| Euro (EUR)                          | 0.20                        | 33.81                       |
| Japanese Yen (JPY)                  | 50.76                       | 26.96                       |
| Canadian Dollar (CAD)^              | 0.15                        | 0.18                        |
| Swiss Franc (CHF)                   | 0.57                        | 0.80                        |

^Rounded off to Nil

| Indian Rupee (₹)   | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|--|-----------------------------|-----------------------------|
| Outstanding forward contracts as at the reporting date (Million USD) | 56.56                       | 28.35                       |
| Outstanding forward contracts as at the reporting date (₹)           | 4,230.45                    | 2,189.28                    |

### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:-

| Impact on profit after tax                                      | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| <b>Net currency receivables/(payables)</b>                      |  |  |
| USD sensitivity   |  |  |
| ₹/USD- increase by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | 8.35   | 3.96   |
| ₹/USD- decrease by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | (8.35)   | (3.96)   |
| EUR sensitivity   |  |  |
| ₹/EURO- increase by 1.00% (31 <sup>st</sup> March 2020: 1.00%)* | 0.26   | (0.20)   |
| ₹/EURO- decrease by 1.00% (31 <sup>st</sup> March 2020: 1.00%)* | (0.26)   | 0.20   |
| JPY sensitivity   |  |  |
| ₹/JPY- increase by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | (0.38)   | (0.20)   |
| ₹/JPY- decrease by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | 0.38   | 0.20   |
| CAD sensitivity   |  |  |
| ₹/CAD- increase by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | (0.00)   | (0.00)   |
| ₹/CAD- decrease by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | 0.00   | 0.00   |
| CHF sensitivity   |  |  |
| ₹/CHF- increase by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | (0.00)   | (0.01)   |
| ₹/CHF- decrease by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | 0.00   | 0.01   |

\* Holding other variables constant

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 34. CAPITAL MANAGEMENT

For the purposes of the Company's capital management, capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements.

The Company monitors capital using net debt to equity ratio, which is net debt (as reduced by cash and cash equivalent) divided by total equity.

|  | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|--|-----------------------------|-----------------------------|
| Long term borrowings including current maturities (refer note 16)          | 2,517.61                    | 2,221.73                    |
| Short term borrowings (refer note 16)                                      | 595.00                      | 545.09                      |
| Less: Cash and cash equivalents (refer note 12)                            | (0.14)                      | (344.85)                    |
| <b>Net debts *</b>   | <b>3,112.47</b>             | <b>2,421.96</b>             |
| Equity share capital (refer note 14)                                       | 5,729.80                    | 471.54                      |
| Instruments entirely equity in nature (refer note 14)                      | -                           | 5.94                        |
| Other equity (refer note 15)   | 6,566.16                    | 10,837.06                   |
| <b>Total equity (excluding compulsorily convertible preference shares)</b> | <b>12,295.96</b>            | <b>11,314.54</b>            |
| <b>Gearing ratio</b>   | <b>25.31%</b>               | <b>21.41%</b>               |

\* Excluding lease liabilities

| Dividends  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| <b>Equity share</b>  |  |  |
| Interim dividend of ₹ 9.634 per each 47,748,380 equity share | 460.00   | -  |
| Interim dividend of ₹ 9.299 per each 47,748,380 equity share | 444.00   | -  |
| Interim dividend of ₹ 31.32 per each 27,718,376 equity share | -  | 868.09   |
| Special dividend of ₹ 11.08 per each 9,024,687 equity share  | -  | 100.00   |
| Dividend distribution tax on dividends paid                  | -  | 198.99   |
|  | <b>904.00</b>                                  | <b>1,167.08</b>                                |

### 35. SEGMENT INFORMATION

The Company has opted to provide segment information in its consolidated Ind AS financial statements in accordance with para 4 of Ind AS 108 - Operating Segments.

### 36. RELATED PARTY DISCLOSURES

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related parties, related party relationships, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

#### (a) Names of related parties and nature of relationship

##### (i) Entity exercising control of Company

Singapore VII Topco III Pte Ltd. (with effect from 5<sup>th</sup> July 2019)

Sona Autocomp Holding Private Ltd. with ultimate control exercised by RK Family Trust (from 9<sup>th</sup> February 2018 till 4<sup>th</sup> July 2019)

**NOTES**Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

**(ii) Key Management Personnel**

| Name                              | Designation   |
|-----------------------------------|---|
| Mr. Sunjay Kapur                  | Managing Director (till 4 <sup>th</sup> July 2019)  |
| Mr. Vadapalli Vikram Verma        | Executive Director & Chief Executive Officer (till 4 <sup>th</sup> July 2019)<br>Chief Executive Officer (with effect from 5 <sup>th</sup> July 2019) |
| Mr. Vivek Vikram Singh            | President (Finance) & Group COO (till 4 <sup>th</sup> July 2019)<br>Managing Director & Group CEO (with effect from 5 <sup>th</sup> July 2019)        |
| Mr. Rohit Nanda                   | Group Chief Financial Officer (with effect from 11 <sup>th</sup> April 2019)  |
| Mr. Raajesh Kumar Gupta           | Vice President (Legal) & Company Secretary (till 29 <sup>th</sup> February 2020)  |
| Mr. Ajay Pratap Singh             | Vice President (Legal) & Company Secretary (with effect from 24 <sup>th</sup> February 2020)  |
| <b>Non-Executive Directors</b>    |   |
| Mrs. Rani Kapur                   | Chairperson (till 22 <sup>nd</sup> August 2019)   |
| Mr. Sunjay Kapur                  | Non-Executive Chairman (with effect from 5 <sup>th</sup> July 2019)   |
| Mr. Juergen Klaus Theodor Ziegler | Director (till 4 <sup>th</sup> July 2019)   |
| Mrs. Bhaswati Mukherjee           | Director (till 20 <sup>th</sup> August 2019)  |
| Mr. Prasan Abhaykumar Firodia     | Director (with effect from 5 <sup>th</sup> July 2019)<br>Independent Director (with effect from 27 <sup>th</sup> January 2021)                        |
| Mr. Subbu Venkata Rama Behara     | Independent Director (with effect from 5 <sup>th</sup> July 2019)   |
| Mrs. Pallavi Joshi Bakhru         | Independent Director (till 2 <sup>nd</sup> May 2020)  |
| Mr. Siddharth Pradip Kothari      | Director (till 10 <sup>th</sup> July 2019)  |
| Mr. Amit Dixit                    | Director (with effect from 5 <sup>th</sup> July 2019)   |
| Mr. Amit Jain                     | Director (with effect from 5 <sup>th</sup> July 2019 till 1 <sup>st</sup> January 2021)   |
| Mr. Neeraj Mohan                  | Director (with effect from 5 <sup>th</sup> July 2019 till 12 <sup>th</sup> February 2021)   |
| Mr. Ganesh Mani                   | Director (with effect from 5 <sup>th</sup> July 2019)   |
| Mrs. Shradha Suri                 | Independent director (with effect from 5 <sup>th</sup> August 2020)   |
| Mr. Jeffrey Mark Overly           | Independent Director (with effect from 12 <sup>th</sup> February 2021)  |

**(iii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year**

|   |
|---|
| Sona Management Services Limited  |
| Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited) |
| Sona Charitable Trust   |
| SKAP Forging Private Limited  |

**(iv) The entity having substantial interest in the Company**

|  |
|--|
| JM Financial Trustee Company Private Limited (till 4 <sup>th</sup> July 2019)      |
| Sona Autocomp Holding Private Limited (with effect from 5 <sup>th</sup> July 2019) |

**(v) Ultimate holding Company**

|                      |
|----------------------|
| BCP Topco I Pte Ltd. |
|----------------------|

**NOTES**Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

**(vi) Subsidiary companies**

|   |
|---|
| Sona Holding B.V. The Netherlands (till 4 <sup>th</sup> July 2019)  |
| Sona Autocomp Germany GmBh, Germany (till 4 <sup>th</sup> July 2019)                                      |
| Sona Autocomp USA LLC, USA (till 4 <sup>th</sup> July 2019)   |
| Sona BLW Prazisionsschmiede GmBh (till 4 <sup>th</sup> July 2019)   |
| Sona BLW Precision Forging Inc, USA (till 4 <sup>th</sup> July 2019)                                      |
| Sona BLW Hungary Kft (till 4 <sup>th</sup> July 2019)   |
| Sona BLW Driveline LLC (till 4 <sup>th</sup> July 2019)   |
| Sona BLW-Hilfe GmbH, München, Germany (till 4 <sup>th</sup> July 2019)                                    |
| Comstar Automotive Technologies Private Limited (with effect from 5 <sup>th</sup> July 2019)              |
| Comstar Automotive Hongkong Limited (with effect from 5 <sup>th</sup> July 2019)                          |
| Comstar Automotive USA LLC (with effect from 5 <sup>th</sup> July 2019)                                   |
| Comstar Automotive Technologies Services Private Limited (with effect from 5 <sup>th</sup> July 2019)     |
| Comenergia Automotive Technology Mexicana, S. DE R.L. DE C.V (with effect from 5 <sup>th</sup> July 2019) |
| Comstar Automotive (Hangzhou) Co., Ltd (with effect from 5 <sup>th</sup> July 2019)                       |
| Comstar Hong Kong Mexico No. 1, LLC (with effect from 5 <sup>th</sup> July 2019)                          |
| Comestel Automotive Technologies Mexicana Ltd (with effect from 5 <sup>th</sup> July 2019)                |
| Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V (with effect from 5 <sup>th</sup> July 2019) |
| Sona Comstar eDrive Private Limited (with effect from 12 <sup>th</sup> November 2020)                     |

**(b) Transactions with related parties :****(i) Entity exercising control**

| Transactions   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| <b>Reimbursement of expenses</b>   |  |  |
| Sona Autocomp Holding Private Limited  | -  | 0.80   |
| <b>Dividend paid</b>   |  |  |
| Singapore VII Topco III pte Ltd.   | 599.18   | -  |
| Sona Autocomp Holding Private Limited  | 304.84   | -  |
| <b>Director sitting fee</b>  |  |  |
| Mrs. Rani Kapur  | -  | 0.17   |
| <b>Purchase of shares of Comstar Automotive Technologies Private Limited</b> |  |  |
| Singapore VII Topco III Pte Ltd. (refer note 56)                             | -  | 8,293.31                                       |
| <b>Purchase of shares of Comstar Automotive Hongkong Limited</b>             |  |  |
| Singapore VII Topco III Pte Ltd. (refer note 56)                             | -  | 227.27   |
| <b>Sale of shares of Sona Holding B.V. The Netherlands</b>                   |  |  |
| Sona Autocomp Holding Private Limited (refer note 49)                        | -  | 1,399.50                                       |
| <b>Loan received</b>   |  |  |
| Sona Autocomp Holding Private Limited  | -  | 500.00   |
| <b>Loan repaid</b>   |  |  |
| Sona Autocomp Holding Private Limited  | -  | 500.00   |
| <b>Interest on loan paid</b>   |  |  |
| Sona Autocomp Holding Private Limited  | -  | 33.05  |
| <b>Relinquishment of right of put option (refer note 48)</b>                 |  |  |
| Sona Autocomp Holding Private Limited  | 19.00  | -  |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### (ii) Key Management Personnel \*

| Transactions                             | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| <b>Managerial remuneration</b>           |  |  |
| Mr. Sunjay Kapur                         | -  | 9.70   |
| Mr. Vivek Vikram Singh                   | 31.70  | 27.60  |
| Mr. Vadapalli Vikram Verma               | 28.39  | 19.44  |
| Mr. Rohit Nanda                          | 26.13  | 18.48  |
| Mr. Raajesh Kumar Gupta                  | 1.30   | 10.07  |
| Mr. Ajay Pratap Singh                    | 6.74   | 0.52   |
| <b>Director Sitting Fee</b>              |  |  |
| Mr. Prasan Abhaykumar Firodia            | 0.42   | 0.12   |
| Mr. B.V.R. Subbu                         | 0.86   | 0.37   |
| Mrs. Pallavi Joshi Bakhru                | 0.10   | 0.72   |
| Mr. Juergen Klaus Theodor Ziegler        | -  | 0.20   |
| Mrs. Bhaswati Mukherjee                  | -  | 0.37   |
| Mr. Jeffrey Mark Overly                  | 0.24   | -  |
| Mr. Shradha Suri                         | 0.58   | -  |
| <b>Non-Executive Director Commission</b> | 2.20   | 1.78   |
| Non-Executive Director                   |  |  |
| Mr. Sunjay Kapur                         | 24.81  | 17.74  |
| Mr. Sunjay Kapur                         | 24.00  | 17.74  |
| Mr. Jeffrey Mark Overly                  | 0.81   | -  |

### \* Break-up of Key management personnel remuneration

| Transactions                 | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|------------------------------|--|--|
| Short-term employee benefits | 94.27  | 85.82  |

\* Including provident fund, leave encashment and any other benefit.

\* Share based payment to Key Managerial Personnel for the period ended 31<sup>st</sup> March 2021 is ₹22.48 million (refer note 45)

\* Gratuity and leave encashment amounts accrued attributable to key management personnel cannot be separately determined and hence not included in transactions above.

### (iii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year/previous year

| Transactions  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| <b>Sale of goods</b>  |  |  |
| Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited) | 0.14   | 2.53   |
| Sona Management Services Limited  | -  | 3.48   |
| <b>Purchase of goods</b>  |  |  |
| Sona Management Services Limited  | -  | 0.16   |
| <b>Sales of scrap</b>   |  |  |
| Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited) | -  | 0.02   |
| <b>Services received</b>  |  |  |
| SKAP Forging Private Limited  | -  | 3.16   |
| <b>CSR payment</b>  |  |  |
| Sona Charitable Trust   | -  | 1.00   |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### (iv) Subsidiary companies

| Transactions   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| <b>Dividend Received</b>                                     |  |  |
| Comstar Automotive Technologies Pvt Ltd.                     | 759.97   | -  |
| <b>Purchase of goods</b>                                     |  |  |
| Sona BLW Prazisionsschmiede GmbH                             | -  | 0.59   |
| <b>Sales of goods</b>  |  |  |
| Comstar Automotive Technologies Private Limited              | -  | 0.09   |
| <b>Corporate guarantee fees received</b>                     |  |  |
| Sona Autocomp Germany GmbH                                   | -  | 0.93   |
| <b>Reimbursement of expense incurred by related party</b>    |  |  |
| Comstar Automotive USA LLC                                   | 2.22   | -  |
| <b>Reimbursement of expenses incurred by Holding Company</b> |  |  |
| Sona Autocomp Germany GmbH                                   | -  | 0.29   |
| Comstar Automotive Technologies Private Limited              | 3.20   | 0.40   |
| <b>Purchase of Brand</b>                                     |  |  |
| Sona BLW Prazisionsschmiede GmbH                             | -  | 17.37  |
| <b>Investment in the shares</b>                              |  |  |
| Sona Comstar EDrive Private Limited                          | 0.10   | -  |
| <b>Deemed Investment (ESOP)</b>                              |  |  |
| Comstar Automotive Technologies Pvt Ltd.                     | 14.77  | -  |

### (c) Details of balances with related parties at year end

#### (i) Entity exercising control

| Balances as at year end               | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|---------------------------------------|-----------------------------------|-----------------------------------|
| <b>Receivables</b>                    |                                   |                                   |
| Sona Autocomp Holding Private Limited | -                                 | 0.30                              |

#### (ii) Key Management Personnel

| Balances as at year end    | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|----------------------------|-----------------------------------|-----------------------------------|
| <b>Payables</b>            |                                   |                                   |
| Mr. Vivek Vikram Singh     | -                                 | 3.03                              |
| Mr. Rohit Nanda            | -                                 | 1.47                              |
| Mr. Vikram Verma Vedapalli | -                                 | 2.40                              |
| Mr. Jeffrey Mark Overly    | 0.53                              | -                                 |

#### (iii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year/previous year

| Balances as at year end   | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|---|-----------------------------------|-----------------------------------|
| <b>Payables</b>   |                                   |                                   |
| Sona Management Services Limited  | -                                 | 0.18                              |
| <b>Receivable</b>   |                                   |                                   |
| Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited) | -                                 | 1.69                              |

#### (iv) Subsidiary

| Balances as at year end                         | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|---|-----------------------------------|-----------------------------------|
| <b>Receivable</b>                               |                                   |                                   |
| Comstar Automotive Technologies Private Limited | -                                 | 0.10                              |

#### Terms and conditions

All the transactions were made on normal commercial terms and conditions and at market rates except as disclosed in note 52. All outstanding balances are unsecured and settled in cash.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 37. EARNINGS PER SHARE

|   | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|---|-----------------------------|-----------------------------|
| Total profit attributable to the equity holders of the Company used for basic and diluted earnings per share (A)  | 1,880.41                    | 840.79                      |
| Weighted average number of equity shares and compulsory convertible preference shares used as the denominator in calculating basic earnings per share   | 572,980,560                 | 510,592,020                 |
| Effect of exercise of share options (refer note 53)   | 194,209                     | -                           |
| Weighted average number of equity shares and compulsory convertible preference shares used as the denominator in calculating diluted earnings per share | 573,174,769                 | 510,592,020                 |
| <b>Nominal Value per share (in ₹)</b>   | 10.00                       | 10.00                       |
| (a) Basic earnings per share (in ₹)   | 3.28                        | 1.65                        |
| (b) Diluted earnings per share (in ₹)   | 3.28                        | 1.65                        |
| Earning per share (both basic and diluted) has been restated for both the years presented on account of issue of bonus shares (refer note 14)           |                             |                             |

### 38. EMPLOYEE BENEFITS

#### A Defined contribution plans:

|  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| a) Provident fund                        | 22.18  | 22.54  |
| b) Super annuation fund                  | -  | 7.91   |
| c) Employees state insurance corporation | 0.40   | 0.76   |
| d) Punjab/Haryana labour welfare fund    | 0.22   | 0.22   |
| e) National Pension Scheme               | 7.47   | 2.48   |
|  | <b>30.28</b>                                   | <b>33.90</b>                                   |

#### B Defined benefit plans:

##### (i) Gratuity

The Company operates post retirement defined benefit plan for retirement gratuity, which is funded. The Company through the gratuity trust has taken Company gratuity policy of Life Insurance Corporation of India Gratuity Scheme.

Details of changes and obligation under the defined benefit plan is given as below:-

#### I Expense recognised in the statement of profit and loss

|  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| (i) Current service cost                                   | 8.12   | 8.39   |
| (ii) Interest cost   | 4.00   | 5.76   |
| (iii) Expected return on plan assets                       | (4.97)   | (6.09)   |
| Net expense recognised in the statement of profit and loss | <b>7.15</b>                                    | <b>8.06</b>                                    |

#### II Remeasurement (gain)/loss recognised in other comprehensive income

|  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| (i) Actuarial changes arising from changes in demographic assumptions  | -  | 0.01   |
| (ii) Actuarial changes arising from changes in financial assumptions   | 2.35   | (0.37)   |
| (iii) Actuarial changes arising from changes in experience adjustments | (1.68)   | (1.74)   |
| (iv) Return on plan assets greater than discount rate                  | (0.16)   | (0.18)   |
| Net (gain)/loss recognised in other comprehensive income               | <b>0.51</b>                                    | <b>(2.28)</b>                                  |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### III Changes in obligation

|  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| (i) Opening balance                        | 86.54  | 82.17  |
| (ii) Current service cost                  | 8.12   | 8.39   |
| (iii) Interest cost                        | 4.00   | 5.76   |
| (iv) Benefit payments directly by employer | -  | (0.27)   |
| (v) Actuarial (gain)/loss                  | 0.67   | (2.10)   |
| (vi) Benefit payments from plan assets     | (1.78)   | (7.41)   |
| Present value of obligation as at year end | <b>97.55</b>                                   | <b>86.54</b>                                   |

### IV Changes in plan assets

|   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| (i) Fair value of plan assets as at the beginning of the period | 79.60  | 80.74  |
| (ii) Acquired through business combination                      | -  | -  |
| (iii) Interest income   | 4.97   | 6.09   |
| (iv) Contributions by employer                                  | 1.63   | -  |
| (v) Benefit payments from plan assets                           | (1.78)   | (7.41)   |
| (vi) Transfer of employees from erstwhile related party         | -  | -  |
| (viii) Actuarial gain/(loss) on plan assets                     | 0.16   | 0.18   |
| <b>Fair value of plan assets</b>                                | <b>84.59</b>                                   | <b>79.60</b>                                   |

### V Net assets / liabilities

|  | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|--|-----------------------------------|-----------------------------------|
| (i) Present value of obligation at the end of the year | 97.55                             | 86.54                             |
| (ii) Fair value of plan assets at the end of the year  | 84.59                             | 79.60                             |
| (iii) Net liabilities recognised in the balance sheet  |                                   |                                   |
| - Non current  | -                                 | -                                 |
| - Current  | 12.96                             | 6.94                              |

### VI Experience adjustment

|  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| Experience adjustment loss on plan liabilities | -  | -  |

### VII Investment details

The Company has invested in gratuity funds which is administered through Life Insurance Corporation of India. The detail of investment maintained by Life Insurance Corporation are not made available to the Company and have therefore not been disclosed.

### VIII Principal actuarial assumptions

|   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| Discount rate (per annum)                     | 6.00%  | 6.25%  |
| Expected return on plan assets (per annum)    | 5.90%  | 6.25%  |
| Expected increase in salary costs (per annum) | 8.00%  | 8.00%  |
| Attrition rate                                | 15.00%   | 15.00%   |
| Mortality                                     | IALM 2012-14 Ultimate                          | IALM 2012-14 Ultimate                          |
| Retirement age                                | 58 years                                       | 58 years                                       |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### IX Quantitative sensitivity analysis for significant assumptions is as below:

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

|   | Impact on defined benefit obligation |                                      |
|---|--------------------------------------|--------------------------------------|
|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
| Delta effect of +1% change in rate of discounting     | 92.44                                | 82.32                                |
| Delta effect of -1% change in rate of discounting     | 103.23                               | 91.20                                |
| Delta effect of +1% change in rate of salary increase | 92.49                                | 91.08                                |
| Delta effect of -1% change in rate of salary increase | 103.06                               | 82.35                                |

### X Maturity profile of defined benefit obligation (undiscounted)

| Particulars  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Within the next 12 months (next annual reporting period) | 13.32                                | 12.11                                |
| Between 2 and 5 years                                    | 46.12                                | 42.43                                |
| Between 6 and 10 years                                   | 40.43                                | 38.65                                |
| <b>Total expected payments</b>                           | <b>99.87</b>                         | <b>93.19</b>                         |

XI The average duration of the defined benefit plan obligation at the end of the reporting period is 6.28 - 9 years (31<sup>st</sup> March 2020: 6.29 years)

XII The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary. The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

## 39. CONTINGENT LIABILITIES

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| a) Claims against the Company not acknowledged as debts  |                                      |                                      |
| i) Service tax   |                                      |                                      |
| Cases pending before Appellate authorities in respect of which the Company has filed appeals/show cause notices. (FY 2005-06 to 2007-08)                                       | 0.47                                 | 0.47                                 |
| ii) Income Tax *   |                                      |                                      |
| Cases pending before Appellate Authorities in respect of which the Company has filed appeal (AY-2011-12)   | 4.21                                 | 4.21                                 |
| Cases pending before Appellate Authorities in respect of which the Company has filed appeal (AY-2012-13)   | 3.18                                 | 3.18                                 |
| Cases pending before Appellate Authorities in respect of which the Company has filed appeal (AY-2013-14)   | 2.12                                 | 2.12                                 |
| Cases pending before ITAT in respect of which the Company has filed appeal (AY-2016-17)  | 2.00                                 | -                                    |
| Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)**   | 70.78                                | 64.93                                |
| (iii) Central Excise Act, 1944   |                                      |                                      |
| Case pending before Directorate General of Goods And Service Tax Intelligence in respect of which the Company has filed appeals/show cause notices. (FY 2014-15 to FY 2017-18) | 14.85                                | 14.85                                |
| <b>Total</b>   |                                      |                                      |

\*Amount paid under protest of ₹24.48 million (31<sup>st</sup> March 2020: ₹ 23.71 million)

\*\* Total disputed amount of the case is ₹79.40 million (including interest liability) out of which ₹8.63 million (including interest liability) has been provided as a provision and balance amount of ₹70.78 million (including interest liability) is being disclosed as a contingent liability.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

b) There are labour cases pending before High Court and Labour Commissioner/Officer. The Company has been legally advised that the cases filed by the employees are not sustainable in law and accordingly no provision has been made therefor. Moreover no monetary claim was filed or is pending.

c) Duty paid and related export obligation status with respect to EPCG licenses which is six times of the duty saved, obtained by the Company are as under :

| Particulars                           | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Export obligation pending (₹ million) | 2,903.78                             | 1,290.94                             |

## 40. CAPITAL COMMITMENTS

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Estimated amount of contracts to be executed on capital account not provided for (net of advances) | 1,343.06                             | 509.22                               |

## 41. DUES TO MICRO AND SMALL ENTERPRISE

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Principal amount due to suppliers registered under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED) and remaining unpaid as at year end   | 194.94                               | 53.04                                |
| the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;   | -                                    | -                                    |
| the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;   | -                                    | -                                    |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year   | -                                    | -                                    |
| the amount of interest accrued and remaining unpaid at the end of each accounting year;   | 3.84                                 | 2.94                                 |
| the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23. | 3.84                                 | 2.94                                 |

## 42. DISCLOSURE REQUIRED BY SECTION 186(4) OF THE COMPANIES ACT, 2013

| Name of Company   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Details of investment made in Comstar Automotive Technologies Private Limited | 8,355.53                             | 8,355.53                             |
| Details of investment made in Comstar Automotive Hong Kong Ltd.               | 229.45                               | 229.45                               |
| Details of investment made in Sona Comstar eDrive Private Limited             | 0.01                                 | -                                    |

## 43. LEASES

i) The Company has entered into lease arrangements for land, building and plant and machinery that are renewable on a periodic basis with approval of both lessor and lessee.

ii) The Company does not have any lease commitments towards variable rent as per the contract.

iii) Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over land and building the Company must keep those properties in a good state of repair and return the properties in their original condition, except for normal wear and tear, at the end of the lease. Further, the Company shall insure items owned by it and incur maintenance fees on such items in accordance with the lease contracts.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

iv) Lease liabilities are presented in the statement of financial position as follows:

|              | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--------------|--------------------------------------|--------------------------------------|
| Current      | 91.04                                | 61.73                                |
| Non-current  | 679.51                               | 480.33                               |
| <b>Total</b> | <b>770.55</b>                        | <b>542.05</b>                        |

v) Future minimum lease payments are as follows:

| Particulars                | As at 31 <sup>st</sup> March 2021 |                 |                    |
|----------------------------|-----------------------------------|-----------------|--------------------|
|                            | Lease payments                    | Finance charges | Net present values |
| Minimum lease payments due |                                   |                 |                    |
| Within 1 year              | 91.04                             | 75.67           | 15.37              |
| 1-5 years                  | 407.04                            | 223.30          | 183.74             |
| More than 5 years          | 911.61                            | 340.17          | 571.44             |
| <b>Total</b>               | <b>1,409.68</b>                   | <b>639.13</b>   | <b>770.55</b>      |

| Particulars                | As at 31 <sup>st</sup> March 2020 |                 |                    |
|----------------------------|-----------------------------------|-----------------|--------------------|
|                            | Lease payments                    | Finance charges | Net present values |
| Minimum lease payments due |                                   |                 |                    |
| Within 1 year              | 61.73                             | 50.30           | 11.43              |
| 1-5 years                  | 282.51                            | 157.59          | 124.92             |
| More than 5 years          | 668.21                            | 262.51          | 405.70             |
| <b>Total</b>               | <b>1,012.44</b>                   | <b>470.39</b>   | <b>542.05</b>      |

vi) The following are amounts recognized in profit or loss:

| Particulars   | For the year ended<br>31 <sup>st</sup> March 2021 | For the year ended<br>31 <sup>st</sup> March 2020 |
|---|---|---|
| Depreciation expense of right-of-use assets   | 56.27   | 34.48   |
| Interest expense on lease liabilities   | 68.99   | 38.67   |
| Rent expense (relating to short term leases on which lease liability is not recognized) | 21.15   | 19.63   |
| <b>Total</b>  | <b>146.41</b>                                     | <b>92.78</b>                                      |

vii) Total cash outflow pertaining to leases

| Particulars   | For the year ended<br>31 <sup>st</sup> March 2021 | For the year ended<br>31 <sup>st</sup> March 2020 |
|---|---|---|
| Total cash outflow pertaining to leases during the year ended | 102.19  | 67.51   |

The Company determines the leases term as either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Company will extend the term, or a lease period in which it is reasonably certain that the Company will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 44. REVENUE FROM CONTRACTS WITH CUSTOMERS

#### (a) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

| Revenue from operations             | For the year ended<br>31 <sup>st</sup> March 2021 | For the year ended<br>31 <sup>st</sup> March 2020 |
|-------------------------------------|---|---|
| <b>Revenue by geography</b>         |   |   |
| Domestic                            | 3,893.20  | 3,529.31  |
| Export                              | 3,284.74  | 1,627.88  |
| <b>Total</b>                        | <b>7,177.94</b>                                   | <b>5,157.19</b>                                   |
| <b>Revenue (timing)</b>             |   |   |
| Revenue recognized at point in time | 7,177.94  | 5,157.19  |
| <b>Total</b>                        | <b>7,177.94</b>                                   | <b>5,157.19</b>                                   |

#### (b) Liabilities related to contracts with customers

| Particulars                                     | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Opening balance                                 | 53.05                                | 43.69                                |
| Income recognized from advance                  | (23.52)                              | (10.20)                              |
| Advance received from customers during the year | 62.13                                | 19.56                                |
| <b>Advance from customers</b>                   | <b>91.66</b>                         | <b>53.05</b>                         |

#### (c) Reconciliation of revenue recognized in Statement of Profit and Loss with Contract price

There are insignificant discounts offered by the Company to its customers for the period ended 31<sup>st</sup> March 2021 ₹ 1.26 million (31<sup>st</sup> March 2020: ₹ 3.19 million)

### 45. SHARE BASED PAYMENTS

Sona BLW Precision Forgings Limited Employee Stock Option Plan ('Sona BLW ESOP Plan') was approved by the Board of Directors and the shareholders of the Sona BLW Precision Forgings Limited (the Company) on 30<sup>th</sup> September 2020. The plan entitles employees of the Company and Comstar Automotive Technologies Private Limited (CATPL) (together referred as 'Group') to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Group is given below:

| Particulars                                     | Sona BLW Precision Forgings Limited Employee Stock Option Plan  |
|---|---|
| Exercise Price                                  | ₹ 38.34   |
| Grant date                                      | 1 <sup>st</sup> October 2020  |
| Vesting schedule                                | 1,087,740 options 12 months after the grant date ('First vesting')<br>1,087,740 options 24 months after the grant date ('Second vesting')<br>1,087,740 options 36 months after the grant date ('Third vesting')   |
| Exercise period                                 | Stock options can be exercised within a period of 3 years from vesting date.  |
| Number of share options granted (refer note 52) | 3,263,220   |
|   | The maximum number of shares that can be granted under the ESOP Plan shall be 3,281,124 (Thirty two lakhs eight one thousand one hundred twenty four) shares out of which 3,263,220 (Thirty two lakhs sixty three thousand two hundred twenty) options were granted to the employees. |
| Method of settlement                            | Equity  |

Stock options will be settled by issue of equity shares of the Company. As per the plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 38.34 per option which against the fair market value of ₹ 79.17 per share determined on the date of grant, i.e. 1<sup>st</sup> October 2020.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. Out of total 'Group share based payment to employees' amounting ₹ 45.37 million for the year ended 31<sup>st</sup> March 2021, ₹ 30.61 million was recognized in the statements of profit and loss of the Company pertaining to options issued to employees of the Company and remaining amount of ₹ 14.76 million increased the investment in equity shares of CATPL. The following principal assumptions were used in the valuation: Expected volatility was determined by comparison with peer companies, as the Company's shares are not presently publicly traded. The expected option life and average expected period to exercise, is assumed to be equal to the contractual maturity of the option. Dividend yield is taken as 1.6% based on the the expected dividend payout by the management. The risk-free rate is the rate associated with a risk-free security with the same maturity as the option. At each balance sheet date, the Group reviewed its estimates of the number of options that are expected to vest. The Group recognizes the impact of the revision to original estimates, if any, in the profit or loss in consolidated statement of comprehensive income, with a corresponding adjustment to 'retained earnings' in equity. The fair value of option using Black Scholes model and the inputs used for the valuation for options that have been granted during the reporting period are summarized as follows:

| Particulars  | First vesting                | Second vesting               | Third vesting                |
|--|------------------------------|------------------------------|------------------------------|
| Grant date   | 1 <sup>st</sup> October 2020 | 1 <sup>st</sup> October 2020 | 1 <sup>st</sup> October 2020 |
| Vesting date   | 1 <sup>st</sup> October 2021 | 1 <sup>st</sup> October 2022 | 1 <sup>st</sup> October 2023 |
| Expiry date  | 1 <sup>st</sup> October 2024 | 1 <sup>st</sup> October 2025 | 1 <sup>st</sup> October 2026 |
| Fair value of option at grant date using Black Scholes model | 44.38                        | 46.28                        | 47.72                        |
| Exercise price   | 38.34                        | 38.34                        | 38.34                        |
| Expected volatility of returns                               | 46.19%                       | 46.63%                       | 46.51%                       |
| Term to expiry   | 2.5 years                    | 3.5 years                    | 4.5 years                    |
| Expected dividend yield                                      | 1.60%                        | 1.60%                        | 1.60%                        |
| Risk free interest rate                                      | 4.64%                        | 5.04%                        | 5.23%                        |

During the year ended 31<sup>st</sup> March 2021, the Board of Directors of the Company has approved the issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each. Accordingly number of options has been increased to twelve times of original options and fair value and exercise price of options has been reduced to one twelfth from previous values.

The total outstanding and exercisable share options and weighted average exercise prices for the various categories of option holders during the reporting periods are as follows:

| Particulars  | Details             |
|--|---------------------|
| Options outstanding at the beginning of the period   | Nil                 |
| Number of employees to whom options were granted   | 62                  |
| Options vested   | Nil                 |
| Options exercised  | Nil                 |
| Options forfeited/ lapsed/ cancelled   | Nil                 |
| Options outstanding (including vested and unvested options)  | Unvested: 3,263,220 |
| Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (only for vested options) | Nil                 |
| Variation in terms of options  | Per ESOP scheme     |
| Money realized by exercise of options (in ₹ million)   | Nil                 |
| Options outstanding at the period end  | 3,263,220           |
| Options exercisable at the period end  | Nil                 |
| Total number of options in force (excluding options not granted)   | 3,263,220           |
| Weighted average remaining contractual life of outstanding options (in years)  | 4.75                |

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

| Particulars   | Details  |
|---|--|
| Method used for accounting of share-based payment plans   | The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Sona BLW ESOP Plan. The employee compensation cost as per fair value method for the year ended 31 <sup>st</sup> March 2021 is ₹ 30.61 million.                           |
| Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan  | Each Option entitles the holder thereof to apply for and be allotted one Ordinary Shares of the Company upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of three years from grant date |
| Employee wise details of options granted to   |  |
| (i) Key Managerial Personnel  | Mr. Vivek Vikram Singh<br>Mr. Rohit Nanda<br>Mr. Ajay Pratap Singh<br>Mr. Kiran Manohar Deshmukh<br>Mr. Vikram Verma Vadaapalli<br>Share based payment to Key Managerial Personnel for the year ended 31 <sup>st</sup> March 2021 is ₹ 22.48 million   |
| (ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year  | None   |
| (iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant | No options were granted to any identified employees during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant.   |

### 46. BRAND IMPAIRMENT TESTING

On 1<sup>st</sup> August 2018, the Company acquired SONA Intellectual property rights ("Sona IP") and all intellectual property rights thereto from SONA Management Services Limited ("SMSL") having indefinite useful lives. This was due to the expectation of permanent use of acquired brand. The Company tests on an annual basis whether the brand is impaired based on the value-in-use concept of the entity basis certain inputs outlined below. In March 2021 and March 2020, there was no impairment identified for the brand. The recoverable amount of the entity was determined on the basis of value in use based on the present value of the expected future cash flows. This calculation uses cash flow projections based on the financial planning covering a five-year period in total. The management believes that any reasonable possible changes in the key assumptions would not cause the Brand's carrying amount to exceed its recoverable amount.

The recoverable amount of the brand was determined based on value-in-use calculations for the company using a discount rate ranging between 14.00%-17.00% reflecting current market assessments of the time value of money and risks specific to the business as at the respective dates, covering a detailed five-year forecast with a growth rate ranging between 16.00%-30.00%, followed by an extrapolation of expected cash flows using a terminal growth rate ranging between 1.50%-3.00% as determined by the management.

#### Growth rates

The growth rates used are in line with the growth rate of the industry and the countries in which the entities operates and are consistent with the internal/external sources of information.

#### Discount rates

The discount rates take into the consideration market risk and specific risk factors of the entity. The cash flow projections are based on the forecasts made by the management.

#### Terminal growth rate

The terminal growth rate is the constant rate at which an entity is expected to grow at the end of the last forecasted cash flow period in a discounted cash flow model and goes into perpetuity.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### Sensitivity

The management believes that any reasonable possible changes in the key assumptions would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

**47.** In March 2020, the World Health Organization declared the COVID-19 to be a pandemic. Consequent to this, Government of India declared a nationwide lockdown on 25<sup>th</sup> March 2020, which has impacted the business activities of the Company. The Company has assessed the impact that may result from this pandemic on its liquidity position, carrying amount of receivables, inventories, tangible and intangible assets, investment and other assets / liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic condition because of this pandemic, the Company has considered internal and external information available till the date of approval of these Standalone financial statements and has assessed its situation. Given the uncertainties of the pandemic, the final impact on the Company's assets in future may differ from that estimated as at the date of approval of these financial results, and the Company will continue to closely monitor any material changes to future economic conditions.

### 48. RELINQUISHMENT OF RIGHT

In the board meeting on 12<sup>th</sup> Feb 2021 the Board has approved waiver of the right to sell 19% shares in Sona Holding B.V. (put option) to Sona Autocomp Holding Pvt. Ltd. at a pre-agreed consideration of ₹ 19 million and a waiver of the right to buy 81% shares in Sona Holding B.V. (call option) from Sona Autocomp Holding Pvt. Ltd. at a pre-agreed formula based price defined in European Separation Agreement. The decision was made taking cognizance of the situation that Sona Holding B.V. The Netherlands now has no business operations left in any of its subsidiaries. Put option waiver was approved as a transaction not at arm's length whereas waiver of call option was approved as a transaction at arm's length. Accordingly, the carrying value for 19% investment in Sona Holding B.V. of ₹ 19 million as on 31<sup>st</sup> March 2020, has been taken as ₹ Nil as at 31<sup>st</sup> March 2021 and the resultant fair value loss has been booked under other comprehensive income.

### 49. SALE OF INVESTMENT IN SONA HOLDING B.V., THE NETHERLANDS

Pursuant to the terms of the Share Purchase and Shareholder's Agreement dated 16<sup>th</sup> October 2018 and the approval of the Board of Directors and the shareholders in their meetings held on 3<sup>rd</sup> July 2019, the Company had disposed off on 4<sup>th</sup> July 2019 (a) 40,727 Equity Shares, representing 81% (eighty one percent) of the Equity Shares on a Fully Diluted Basis, and (b) 1,673,918 Redeemable Preference Shares, representing 81% of investment held in Sona Holding B.V. as on 31<sup>st</sup> March 2019 to Sona Autocomp Holding Private Limited ("SAHPL"). The sale of investment by the Company to SAHPL was carried out at a total consideration of ₹ 1,399.48 million as per the valuation report obtained from an independent expert. As per the aforementioned agreement, the Company has a put option to sell all the securities held in Sona Holding B.V., The Netherlands, by the Company along with its subsidiaries to SAHPL for the put consideration of ₹ 19 million.

### 50. FOREIGN DIRECT INVESTMENT MADE BY SINGAPORE VII TOPCO III PTE LTD

Pursuant to the terms of the Shares Subscription and Share Purchase Agreement dated 16<sup>th</sup> October 2018 and the approval of the Board of Directors and the shareholders in their meetings held on 5<sup>th</sup> July 2019, the Company had made an allotment of equity shares of ₹ 8,477.30 million and compulsorily convertible preference shares of ₹ 228.76 million.

During the year ended 31<sup>st</sup> March 2020, pursuant to the terms of the Shares Subscription and Share Purchase Agreement dated 16<sup>th</sup> October 2018 entered into by the Company with Singapore VII Topco III Pte Ltd and the approval of the Board of Directors and the shareholders in their meetings held on 5<sup>th</sup> July 2019, the Company has issued 22,028,503 equity shares having a face value of ₹ 10 per share and 594,436 compulsorily convertible preference shares having a face value of ₹ 10 per share at ₹ 374.83 per share. Pursuant to this, Company has recorded ₹ 220.29 million as equity share capital, ₹ 5.94 million as compulsorily convertible preference shares capital and ₹ 8,479.83 million under Securities Premium Account.

### 51. ACQUISITION OF COMSTAR ENTITIES

Pursuant to terms of the Comstar Share Purchase Agreement and the approval of the Board of Directors and the shareholders in their meetings held on 5<sup>th</sup> July 2019, the Company had acquired 100% equity shares of Comstar Automotive Technologies Pvt. Ltd. (Comstar India) and Comstar Automotive Hong Kong Limited

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

(Comstar HK) (together referred as "Comstar entities"), Singapore VII Topco III Pte. Ltd., Singapore, as per details given below:

| Name of the Company                             | No. of Equity shares | Consideration (USD in million) | Consideration (₹ in million) |
|---|----------------------|--------------------------------|------------------------------|
| Comstar Automotive Technologies Private Limited | 64,527,564           | 120.69                         | 8,355.53                     |
| Comstar Automotive Hong Kong Limited            | 1,878,801            | 3.31                           | 229.45                       |

### 52. WRITE OFF OF THE INVESTMENT IN SUBSIDIARY

The Company had made a provision of impairment in value of investment in Sona Holding B.V., Netherlands amounting to Euro 6.90 million (equivalent to approx. ₹ 407.65 million) in its audited financial statements for the year ended 31<sup>st</sup> March 2016 as "Exceptional item" on account of bankruptcy application filed by Sona BLW Precision Forge Inc., USA, a step down subsidiary. After the consent of Board of Directors to write off the investment in Sona Holding B.V. Netherlands, Company had filed an application to Reserve Bank of India through State Bank of India (i.e. authorized dealer) to obtain the approval on write off of the partial equity investment in Sona Holding B.V. Netherlands amounting to Euros 6.90 million. On 28<sup>th</sup> June 2019, Company has received NOC for writing off equity investment of Euro 6.90 million vide RBI Letter (reference no. FE.CO.OID./7659/19.19.832/2018-19) and thereafter Company has written off investment of ₹ 407.65 million in books of accounts.

### 53. PROPOSED MERGER WITH COMSTAR AUTOMOTIVE TECHNOLOGIES PRIVATE LIMITED

The Company had filed a Scheme of Amalgamation under sections 230 to 232 of the Companies Act, 2013, read with the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016 before the NCLT Chandigarh (the "Scheme") on 10<sup>th</sup> January 2020. Pursuant to the Scheme, Comstar Automotive Technologies Private Limited is proposed to merge with the Company from 5<sup>th</sup> July 2019, being the appointed date. The Scheme was approved by Board on 20<sup>th</sup> December 2019. The rationale for the proposed merger is for consolidation and simplification of existing structure and more focused operational efforts, realizing synergies in terms of compliance, governance, administration and costs, among other things. The first motion order was passed on 22<sup>nd</sup> December 2020 dispensing with the requirement to convene the meeting of the equity shareholders, preference shareholder, secured creditors and unsecured creditors of both Companies. The Second motion petition has been filed on 27<sup>th</sup> December 2020. The Scheme is pending approval by the NCLT and is subject to receipt of requisite approvals and third party consents.

### 54. EXCEPTIONAL ITEM

The Company filed its Draft Red Herring Prospectus with Securities & Exchange Board of India (SEBI) on 23<sup>rd</sup> February 2021 for a proposed Initial Public Offering (IPO) of its equity shares.

The Issue related expenses include, among others, fees payable to the Book Running Lead Managers (BRLMs) and legal and professional fees, Accountants' fees relating to prospectus (Auditors' fee), Listing fees, advertising, marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

All Issue related expenses shall be shared by our Company and the Selling Shareholders in proportion to the number of Equity Shares being issued or offered, as the case may be, by each of them in the Fresh Issue and the Offer for Sale. Any payments by our Company in relation to the Issue on behalf of the Selling Shareholders shall be reimbursed by the Selling Shareholders to our Company in proportion to the Equity Shares being offered for sale by the Selling Shareholders in the Issue. However, in the event that the Issue is withdrawn by our Company or not completed for any reason whatsoever, all the Issue related expenses will be solely borne by our Company.

Basis relevant guidance available under Indian accounting standard, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received, if the entity settles the obligation. Considering the reimbursement of expense incurred is not virtually certain, management has decided to charge off ₹ 139.06 million to statement of profit and loss account as an exceptional item.

## NOTES

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 55. CODE ON SOCIAL SECURITY, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13<sup>th</sup> November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company and its Indian subsidiaries will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective.

### 56. PROPOSED TRANSFER OF CORPORATE SOCIAL RESPONSIBILITY (CSR) ACCOUNT

Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("the Rules"), the Company has transferred ₹ 5 million being the unspent amount relating to ongoing project for CSR for FY 2020-21 in a 'Unspent Corporate Social Responsibility Account (UCSRA)' as on 16<sup>th</sup> April 2021.

### 57. AUTHORIZATION OF STANDALONE FINANCIAL STATEMENT

The Standalone financial Statement for the year ended 31<sup>st</sup> March 2021 (including comparative) were approved by the Board of Directors on 27<sup>th</sup> April 2021.

Summary of significant accounting policies and other explanatory information.

#### For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No. : 001076N/N500013

#### Arun Tandon

Partner

Membership No: 517273

Place: New Delhi

Date: 27<sup>th</sup> April 2021

For and on behalf of the Board of Directors of

**Sona BLW Precision Forgings Limited**

#### Sunjay Kapur

Chairman and Non-Executive Director  
DIN: 00145529

#### Rohit Nanda

Group Chief Financial Officer

#### Vivek Vikram Singh

Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

#### Ajay Pratap Singh

Company Secretary  
Membership No. F5253

Place: Gurugram

Date: 27<sup>th</sup> April 2021

## INDEPENDENT AUDITOR'S REPORT

To the Members of

**Sona BLW Precision Forgings Limited**

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Qualified Opinion

1. We have audited the accompanying consolidated financial statements of Sona BLW Precision Forgings Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group, as at 31<sup>st</sup> March 2021, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

#### Basis for Qualified Opinion

3. The following matter was a subject matter of qualification in our audit report on the consolidated financial statements of the Group for the previous year ended 31<sup>st</sup> March 2020. While the matter as explained below does not have any effect on the consolidated profit of the Group for the current year ended 31<sup>st</sup> March 2021 and its equity attributable to the owners on that date, we are unable to comment on the consequential impact of the below matter on the comparability of current year figures with the comparative financial information for the year ended and as at 31<sup>st</sup> March 2020 included in the accompanying consolidated financial statements:

As further explained in note 49 to the accompanying consolidated financial statements, the majority shareholding in Sona Holdings B.V., Netherlands, the erstwhile subsidiary company, was sold to Sona Autocomp Holdings Private Limited on 4<sup>th</sup> July 2019, and the Holding Company therefore, lost control over the erstwhile subsidiary company from 5<sup>th</sup> July 2019 onwards. Owing to the unavailability of the consolidated financial statements of such subsidiary company and its subsidiaries ('SONA BV Group') for the period from 1<sup>st</sup> April 2019 to 4<sup>th</sup> July 2019 ('the specified period'), the consolidated financial information of SONA BV Group for the specified period had not been included in the consolidated financial statements of the Group for the previous year ended 31<sup>st</sup> March 2020. Such accounting treatment was not in compliance with the requirements of Ind AS 110 - Consolidated Financial Statements and accordingly, our audit report dated 29<sup>th</sup> December 2020 on the consolidated financial statements of the Group for the year ended 31<sup>st</sup> March 2020 was qualified with respect to this matter.

As further mentioned in our Basis for Qualified Opinion section of our report dated 29<sup>th</sup> December 2020, had the consolidated financial statements of the Group been prepared after considering the consolidated financial information of SONA BV Group for the specified period, the "Profit or Loss from discontinued operations" would have been higher and "Exceptional Item" would have been lower by the same amount with no effect on the consolidated profit of the Group for the previous year ended 31<sup>st</sup> March 2020 and its equity attributable to the owners on that date. However, in absence of necessary financial information, we were unable to quantify the impact of aforesaid misstatement on such items and related disclosures required under Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations on the consolidated financial statements for the year ended 31<sup>st</sup> March 2020.

4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the

provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 12 of the Other Matter section below, is sufficient and appropriate to provide a basis for our qualified opinion.

#### Information other than the Consolidated Financial Statements and Auditor's Report thereon

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

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

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

The Annual Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

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

6. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for

the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group, covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

8. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

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

9. 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 Standards on Auditing 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.

10. As part of an audit in accordance with Standards on Auditing, 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 Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiaries covered under the Act have adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Group to cease to continue as a going concern; and
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the

entities within the Group, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

11. 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.

#### Other Matter

11. 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.

#### Other Matter

12. We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of ₹ 1,587.46 Million and net assets of ₹ 1,033.24 Million as at 31<sup>st</sup> March 2021, total revenues of ₹ 2,002.36 Million and net cash outflows amounting to ₹ 36.64 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries are based solely on the reports of the other auditors.

Further, of these subsidiaries, four subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted

the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiaries located outside India, are based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

#### Report on Other Legal and Regulatory Requirements

13. As required by section 197(16) of the Act, based on our audit we report that the Holding Company and one subsidiary Company covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to one subsidiary company covered under the Act, since it is not a public company as defined under section 2(71).
14. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditor s on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:
- a) we have sought and except for the matter described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the possible effects of the matter described in paragraph 3 of the Basis for Qualified Opinion section with respect to the financial statements of

Sona Holdings B.V., The Netherlands, erstwhile subsidiary of the Holding Company;

- c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) except for the possible effects of the matter described in the Basis for Qualified Opinion section, in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
- e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31<sup>st</sup> March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 3 of the Basis for Qualified Opinion section with respect to Sona Holdings B.V., The Netherlands, erstwhile subsidiary of the Holding Company
- g) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I'; and
- 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
  - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 43 to the consolidated financial statements;

- ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31<sup>st</sup> March 2021;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies covered under the Act, during the year ended 31<sup>st</sup> March 2021; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the

period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Place: New Delhi

Membership No.: 517273

Date: 27<sup>th</sup> April 2021

UDIN: 21517273AAAABX4286

## ANNEXURE I INDEPENDENT AUDITOR'S REPORT

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

1. In conjunction with our audit of the consolidated financial statements of Sona BLW Precision Forgings Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31<sup>st</sup> March 2021, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which are companies covered under the Act, as at that date.

#### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. The audit of internal financial controls with reference to financial statements of two subsidiaries, which are companies covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13<sup>th</sup> June 2017 read with corrigendum dated 14<sup>th</sup> July 2017. Consequently, our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and one subsidiary Company based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and prescribed under Section 143(10) of the Act, to

the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and one subsidiary Company covered under the Act, as aforesaid.

#### Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are

being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

#### Opinion

8. In our opinion, the Holding Company and one subsidiary Company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31<sup>st</sup> March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Place: New Delhi

Membership No.: 517273

Date: 27<sup>th</sup> April 2021

UDIN: 21517273AAAABX4286

**CONSOLIDATED BALANCE SHEET**as at 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

|  | Note No. | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|----------|--------------------------------------|--------------------------------------|
| <b>ASSETS</b>  |          |                                      |                                      |
| <b>Non-current assets</b>  |          |                                      |                                      |
| Property, plant and equipment  | 5        | 3,449.02                             | 2,845.07                             |
| Capital work-in-progress   | 5        | 821.36                               | 581.37                               |
| Right-of-use assets  | 5        | 1,592.65                             | 1,419.41                             |
| Goodwill on consolidation (including assembled workforce)                                | 6        | 1,758.09                             | 1,758.09                             |
| Other intangible assets  | 6        | 5,366.21                             | 4,629.18                             |
| Intangible assets under development  | 6        | 10.76                                | 315.00                               |
| <b>Financial assets</b>  |          |                                      |                                      |
| (i) Investments  | 7        | -                                    | 19.00                                |
| (ii) Loans   | 8        | 57.77                                | 50.79                                |
| (iii) Other financial assets   | 9        | -                                    | 0.87                                 |
| Income tax assets (net)  | 10       | 186.74                               | 291.42                               |
| Other non-current assets   | 11       | 296.23                               | 278.49                               |
| <b>Total non-current assets</b>  |          | <b>13,538.83</b>                     | <b>12,188.69</b>                     |
| <b>Current assets</b>  |          |                                      |                                      |
| Inventories  | 12       | 3,055.57                             | 1,962.36                             |
| <b>Financial assets</b>  |          |                                      |                                      |
| (i) Trade receivables  | 13       | 4,169.87                             | 2,336.28                             |
| (ii) Cash and cash equivalents   | 14       | 249.48                               | 1,049.85                             |
| (iii) Bank balances other than (ii) above  | 15       | 26.27                                | 623.08                               |
| (iv) Loans   | 8        | 15.07                                | 4.92                                 |
| (v) Other financial assets   | 9        | 151.65                               | 5.30                                 |
| Other current assets   | 11       | 541.56                               | 336.34                               |
| <b>Total current assets</b>  |          | <b>8,209.47</b>                      | <b>6,318.13</b>                      |
| <b>Total assets</b>  |          | <b>21,748.30</b>                     | <b>18,506.82</b>                     |
| <b>EQUITY AND LIABILITIES</b>  |          |                                      |                                      |
| <b>Equity</b>  |          |                                      |                                      |
| Equity share capital   | 16(A)    | 5,729.80                             | 471.54                               |
| Instruments entirely equity in nature  | 16(B)    | -                                    | 5.94                                 |
| Other equity   | 17       | 7,309.21                             | 11,301.93                            |
| <b>Total equity</b>  |          | <b>13,039.01</b>                     | <b>11,779.41</b>                     |
| <b>LIABILITIES</b>   |          |                                      |                                      |
| <b>Non-current liabilities</b>   |          |                                      |                                      |
| <b>Financial liabilities</b>   |          |                                      |                                      |
| (i) Borrowings   | 18 (i)   | 1,907.01                             | 1,768.22                             |
| (ii) Lease liabilities   | 19       | 720.15                               | 532.33                               |
| (iii) Other financial liabilities  | 20       | 1.24                                 | 1.24                                 |
| Provisions   | 21       | 86.78                                | 66.78                                |
| Deferred tax liabilities (net)   | 22       | 1,260.22                             | 1,076.71                             |
| <b>Total non-current liabilities</b>   |          | <b>3,975.40</b>                      | <b>3,445.28</b>                      |
| <b>Current liabilities</b>   |          |                                      |                                      |
| <b>Financial liabilities</b>   |          |                                      |                                      |
| (i) Borrowings   | 18 (ii)  | 1,144.99                             | 846.09                               |
| (ii) Trade payables  | 23       | -                                    | -                                    |
| - Total outstanding dues of micro enterprises and small enterprises                      |          | 495.83                               | 166.99                               |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises |          | 1,745.26                             | 995.26                               |
| (iii) Lease liabilities  | 19       | 105.27                               | 71.73                                |
| (iv) Other financial liabilities   | 20       | 828.79                               | 922.65                               |
| Other current liabilities  | 24       | 170.77                               | 110.35                               |
| Provisions   | 21       | 72.69                                | 51.06                                |
| Current tax liabilities (net)  | 25       | 170.29                               | 118.00                               |
| <b>Total current liabilities</b>   |          | <b>4,733.89</b>                      | <b>3,282.13</b>                      |
| <b>Total liabilities</b>   |          | <b>8,709.29</b>                      | <b>6,727.41</b>                      |
| <b>Total equity and liabilities</b>  |          | <b>21,748.30</b>                     | <b>18,506.82</b>                     |
| Summary of significant accounting policies and other explanatory information             | 1 to 61  |                                      |                                      |

This is the consolidated balance sheet referred to in our report of even date.

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

**Arun Tandon**  
Partner

Membership No: 517273

Place: New Delhi  
Date: 27<sup>th</sup> April 2021

For and on behalf of the Board of Directors of  
**Sona BLW Precision Forgings Limited**

**Sunjay Kapur**  
Chairman and Non-Executive Director  
DIN: 00145529

**Rohit Nanda**  
Group Chief Financial Officer

**Vivek Vikram Singh**  
Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

**Ajay Pratap Singh**  
Company Secretary  
Membership No. F5253

Place: Gurugram  
Date: 27<sup>th</sup> April 2021

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

|   | Note No. | For the<br>year ended<br>31 <sup>st</sup> March 2021 | For the<br>year ended<br>31 <sup>st</sup> March 2020 |
|---|----------|--|--|
| <b>Income</b>   |          |  |  |
| Revenue from operations   | 26       | 15,663.00  | 10,379.82  |
| Other income  | 27       | 23.41  | 57.83  |
| <b>Total income</b>   |          | <b>15,686.41</b>                                     | <b>10,437.65</b>                                     |
| <b>Expenses</b>   |          |  |  |
| Cost of materials consumed  |          | 7,094.78   | 4,424.22   |
| Changes in inventories of finished goods and work-in-progress   | 28       | (641.68)   | 31.78  |
| Employee benefits expense   | 29       | 1,474.49   | 1,027.30   |
| Finance costs   | 30       | 325.15   | 259.75   |
| Depreciation and amortisation expense   | 31       | 969.40   | 671.20   |
| Other expenses  | 32       | 3,325.25   | 2,473.67   |
| <b>Total expenses</b>   |          | <b>12,547.39</b>                                     | <b>8,887.93</b>                                      |
| <b>Profit before exceptional items and tax</b>  |          | <b>3,139.02</b>                                      | <b>1,549.72</b>                                      |
| Exceptional item  | 33       | 139.06   | (2,368.22)   |
| <b>Profit before tax</b>  |          | <b>2,999.96</b>                                      | <b>3,917.94</b>                                      |
| Tax expense   | 34       | -  | -  |
| - Current tax   |          | 666.02   | 365.05   |
| - Deferred tax charge/(credit)  |          | 182.29   | (99.98)  |
| <b>Total tax expense</b>  |          | <b>848.31</b>  | <b>265.07</b>  |
| <b>Profit for the year</b>  |          | <b>2,151.65</b>                                      | <b>3,652.86</b>                                      |
| <b>Other comprehensive income</b>   |          |  |  |
| Items that will not be reclassified to profit or loss   |          |  |  |
| Remeasurements of defined benefit obligations   |          | 4.86   | 12.28  |
| Income tax relating to above mentioned item   |          | (1.22)   | (3.57)   |
| Changes in fair values of equity instruments carried at fair value through other comprehensive income |          | (19.00)  | (309.28)   |
| Items that will be reclassified to profit or loss   |          |  |  |
| Exchange difference on translation of foreign subsidiaries  |          | 2.92   | 14.00  |
| <b>Other comprehensive income for the year, net of tax</b>  |          | <b>(12.44)</b>                                       | <b>(286.57)</b>                                      |
| <b>Total comprehensive income for the year</b>  |          | <b>2,139.21</b>                                      | <b>3,366.29</b>                                      |
| <b>Earnings per equity share of face value of ₹ 10 each</b>   |          |  |  |
| Earnings per share (Basic) (in ₹)   | 41       | 3.76   | 7.15   |
| Earnings per share (Diluted) (in ₹)   | 41       | 3.75   | 7.15   |
| Summary of significant accounting policies and other explanatory information                          | 1 to 61  |  |  |

This is the consolidated statement of profit and loss referred to in our report of even date.

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

**Arun Tandon**  
Partner

Membership No: 517273

Place: New Delhi  
Date: 27<sup>th</sup> April 2021

For and on behalf of the Board of Directors of  
**Sona BLW Precision Forgings Limited**

**Sunjay Kapur**  
Chairman and Non-Executive Director  
DIN: 00145529

**Rohit Nanda**  
Group Chief Financial Officer

**Vivek Vikram Singh**  
Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

**Ajay Pratap Singh**  
Company Secretary  
Membership No. F5253

Place: Gurugram  
Date: 27<sup>th</sup> April 2021

**CONSOLIDATED CASH FLOW STATEMENT**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

(Figures in Million ₹, unless stated otherwise)

|  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>   |  |  |
| Profit before income tax   | 2,999.96                                       | 3,917.94                                       |
| <b>Adjustments for:</b>  |  |  |
| Depreciation and amortisation expense  | 969.40   | 671.20   |
| Loss on sale of property plant and equipment (net)   | 2.92   | 5.25   |
| (Gain)/loss on allowance for doubtful receivables and advances   | (3.63)   | 3.52   |
| Share based payments   | 45.37  | -  |
| Unwinding of discount on fair valuation of security deposits   | (0.70)   | (0.84)   |
| Amortisation of transaction cost based on effective interest rate  | (2.32)   | (0.68)   |
| Unwinding of discount on deferred payment liabilities  | 1.07   | 4.02   |
| Gain on loss of control over a subsidiary company  | -  | (2,368.22)                                     |
| Provision for slow moving inventory  | 31.86  | 0.80   |
| Liabilities/ provisions no longer required written back  | -  | (15.00)  |
| Fair value (gain)/loss on derivatives  | (374.24)                                       | 266.62   |
| Profit on sale of investments  | 0.15   | (18.00)  |
| Finance costs  | 325.15   | 259.75   |
| Interest income  | (28.80)  | (19.91)  |
| Unrealised foreign exchange (gain)   | 59.72  | (58.71)  |
| <b>Operating profit before working capital changes</b>   | <b>4,025.91</b>                                | <b>2,647.74</b>                                |
| <b>Changes in working capital</b>  |  |  |
| Movement in inventories  | (1,129.20)                                     | 208.68   |
| Movement in trade receivables  | (1,922.55)                                     | 46.13  |
| Movement in other financial asset  | 15.67  | (108.60)                                       |
| Movement in other assets   | (181.38)                                       | 118.01   |
| Movement in trade payable  | 1,084.94                                       | (40.29)  |
| Movement in financial liabilities  | (58.13)  | 20.78  |
| Movement in provision  | 60.29  | 1.56   |
| Movement in other current liabilities  | 59.88  | (82.51)  |
| <b>Cash generated from operations</b>  | <b>1,955.43</b>                                | <b>2,811.50</b>                                |
| Direct taxes paid  | (528.17)                                       | (278.09)                                       |
| <b>Net cash flow generated from operating activities - Total (A)</b>   | <b>1,427.26</b>                                | <b>2,533.41</b>                                |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>   |  |  |
| Payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances | (2,189.37)                                     | (2,120.60)                                     |
| Proceeds from sale of property, plant and equipment  | 9.07   | 1.19   |
| Movement in bank deposits (net)  | 597.79   | (331.72)                                       |
| Amount received on losing of control over subsidiary (net of cash and cash equivalents in the books of subsidiary)             | -  | 1,011.12                                       |
| Sale of current investments  | -  | 80.00  |
| Purchase of long term investments  | (0.10)   | -  |
| Acquisition of subsidiaries (net of cash and cash equivalents in the books of subsidiaries)                                    | -  | (8,218.00)                                     |
| Interest received  | 21.97  | 35.91  |
| <b>Net cash (used in)/generated from investment activities - Total (B)</b>   | <b>(1,560.64)</b>                              | <b>(9,542.10)</b>                              |

**CONSOLIDATED CASH FLOW STATEMENT**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

(Figures in Million ₹, unless stated otherwise)

|  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |  |  |
| Proceeds from short term borrowings, net   | 298.52   | 256.99   |
| Proceeds from long term borrowings   | 717.57   | 1,607.55                                       |
| Repayment of long term borrowings  | (407.97)                                       | (373.66)                                       |
| Repayment of deferred payment liabilities  | (12.47)  | (86.42)  |
| Repayment of lease liabilities   | (91.34)  | (56.88)  |
| Dividend paid  | (904.02)                                       | (968.09)                                       |
| Dividend tax paid  | -  | (197.99)                                       |
| Proceeds from issue of equity shares   | -  | 8,477.30                                       |
| Proceeds from issue of compulsorily convertible preference shares                    | -  | 228.76   |
| Buyback of shares  | -  | (814.21)                                       |
| Tax paid on buy back of shares   | -  | (183.64)                                       |
| Fees paid for increase in authorised share capital                                   | (20.97)  | (8.72)   |
| Interest paid  | (246.31)                                       | (212.75)                                       |
| <b>Net cash (used in)/generated from financing activities - Total (C)</b>            | <b>(666.99)</b>                                | <b>7,668.24</b>                                |
| <b>D. Net (decrease)/increase in cash and cash equivalents (A)+(B)+(C)</b>           | <b>(800.37)</b>                                | <b>659.55</b>                                  |
| <b>E. Cash and cash equivalents at the beginning of the period/year</b>              | <b>1,049.85</b>                                | <b>390.30</b>                                  |
| <b>F. Cash and cash equivalents at the end of the year (D)+(E)</b>                   | <b>249.48</b>                                  | <b>1,049.85</b>                                |
| <b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>    |  |  |
| Cash and cash equivalents as per above comprise of the following                     |  |  |
| Balances in current accounts   | 247.98   | 445.43   |
| Cash on hand   | 0.10   | 0.14   |
| Bank deposits with original maturity of less than three months                       | 1.40   | 604.28   |
| <b>Balances per statement of cash flows</b>  | <b>249.48</b>                                  | <b>1,049.85</b>                                |
| Summary of significant accounting policies and other explanatory information 1 to 61 |  |  |

This is the consolidated cash flow statement referred to in our report of even date.

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

**Arun Tandon**  
Partner  
  
Membership No: 517273

Place: New Delhi  
Date: 27<sup>th</sup> April 2021

For and on behalf of the Board of Directors of  
**Sona BLW Precision Forgings Limited**

**Sunjay Kapur**  
Chairman and Non-Executive Director  
DIN: 00145529

**Rohit Nanda**  
Group Chief Financial Officer

**Vivek Vikram Singh**  
Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

**Ajay Pratap Singh**  
Company Secretary  
Membership No. F5253

Place: Gurugram  
Date: 27<sup>th</sup> April 2021

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

(Figures in Million ₹, unless stated otherwise)

**A. EQUITY SHARE CAPITAL**

|   | Amount          |
|---|-----------------|
| <b>Balance as at 1<sup>st</sup> April 2019</b>                            | <b>277.18</b>   |
| Issue of shares   | 220.29          |
| Buyback of shares   | (25.93)         |
| <b>Balance as at 31<sup>st</sup> March 2020</b>                           | <b>471.54</b>   |
| Conversion of compulsory convertible preference shares into equity shares | 5.94            |
| Bonus shares issued during the year                                       | 5,252.32        |
| <b>Balance as at 31<sup>st</sup> March 2021</b>                           | <b>5,729.80</b> |

**B. INSTRUMENTS ENTIRELY EQUITY IN NATURE**

|   | Amount      |
|---|-------------|
| <b>Balance as at 1<sup>st</sup> April 2019</b>                            | -           |
| Issue of compulsorily convertible preference shares during the year       | 5.94        |
| <b>Balance as at 31<sup>st</sup> March 2020</b>                           | <b>5.94</b> |
| Conversion of compulsory convertible preference shares into equity shares | (5.94)      |
| <b>Balance as at 31<sup>st</sup> March 2021</b>                           | -           |

**C. OTHER EQUITY**

|   | General reserve | Securities premium | Foreign currency translation reserve | Equity instruments through other comprehensive income | Capital redemption reserve | Employee's stock options reserve | Retained earnings | Total            | Non-controlling interest |
|---|-----------------|--------------------|--------------------------------------|---|----------------------------|----------------------------------|-------------------|------------------|--------------------------|
| <b>Balance as at 1<sup>st</sup> April 2019</b>  | 120.00          | 382.14             | (192.37)                             | -   | -                          | -                                | 1,115.12          | 1,424.89         | 24.23                    |
| Profit for the year   | -               | -                  | -                                    | -   | -                          | -                                | 3,652.86          | 3,652.86         | -                        |
| Transferred to profit and loss on disposal of foreign operations  | -               | -                  | 192.37                               | -   | -                          | -                                | -                 | 192.37           | (24.23)                  |
| Net changes in fair values of equity instruments carried at fair value through other comprehensive income | -               | -                  | -                                    | (309.28)  | -                          | -                                | -                 | (309.28)         | -                        |
| Premium on fresh issue of equity shares   | -               | 8,257.02           | -                                    | -   | -                          | -                                | -                 | 8,257.02         | -                        |
| Premium on fresh issue of compulsorily convertible preference shares                                      | -               | 222.81             | -                                    | -   | -                          | -                                | -                 | 222.81           | -                        |
| Premium on buy back of shares   | -               | (788.28)           | -                                    | -   | -                          | -                                | -                 | (788.28)         | -                        |
| Tax paid on buy back of shares  | -               | (183.64)           | -                                    | -   | -                          | -                                | -                 | (183.64)         | -                        |
| Stamp duty paid for increase in authorised share capital  | -               | (8.72)             | -                                    | -   | -                          | -                                | -                 | (8.72)           | -                        |
| Remeasurements of defined benefit obligations   | -               | -                  | -                                    | -   | -                          | -                                | 8.71              | 8.71             | -                        |
| Ind-AS 116 transition adjustments (net of adjustment of deferred tax)                                     | -               | -                  | -                                    | -   | -                          | -                                | (13.73)           | (13.73)          | -                        |
| Currency translation during the year  | -               | -                  | 14.00                                | -   | -                          | -                                | -                 | 14.00            | -                        |
| Dividend paid   | -               | -                  | -                                    | -   | -                          | -                                | (968.09)          | (968.09)         | -                        |
| Tax on dividend   | -               | -                  | -                                    | -   | -                          | -                                | (198.99)          | (198.99)         | -                        |
| Transfer to capital redemption reserve  | -               | -                  | -                                    | -   | 25.93                      | -                                | (25.93)           | -                | -                        |
| <b>Balance as at 31<sup>st</sup> March 2020</b>   | <b>120.00</b>   | <b>7,881.33</b>    | <b>14.00</b>                         | <b>(309.28)</b>                                       | <b>25.93</b>               | <b>-</b>                         | <b>3,569.95</b>   | <b>11,301.93</b> | <b>-</b>                 |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

(Figures in Million ₹, unless stated otherwise)

|   | General reserve | Securities premium | Foreign currency translation reserve | Equity instruments through other comprehensive income | Capital redemption reserve | Employee's stock options reserve | Retained earnings | Total           | Non-controlling interest |
|---|-----------------|--------------------|--------------------------------------|---|----------------------------|----------------------------------|-------------------|-----------------|--------------------------|
| Net profit for the year   | -               | -                  | -                                    | -   | -                          | -                                | 2,151.65          | 2,151.65        | -                        |
| Remeasurement of defined benefit obligations, net of tax  | -               | -                  | -                                    | -   | -                          | -                                | 3.64              | 3.64            | -                        |
| Dividend paid   | -               | -                  | -                                    | -   | -                          | -                                | (904.01)          | (904.01)        | -                        |
| Employee stock option charge for the year   | -               | -                  | -                                    | -   | -                          | 45.37                            | -                 | 45.37           | -                        |
| Stamp duty paid for increase in authorised share capital  | -               | (20.97)            | -                                    | -   | -                          | -                                | -                 | (20.97)         | -                        |
| Securities premium utilised on bonus share issue  | -               | (5,252.32)         | -                                    | -   | -                          | -                                | -                 | (5,252.32)      | -                        |
| Currency translation during the year  | -               | -                  | 2.92                                 | -   | -                          | -                                | -                 | 2.92            | -                        |
| Net changes in fair values of equity instruments carried at fair value through other comprehensive income | -               | -                  | -                                    | (19.00)   | -                          | -                                | -                 | (19.00)         | -                        |
| <b>Balance as at 31<sup>st</sup> March 2021</b>   | <b>120.00</b>   | <b>2,608.04</b>    | <b>16.92</b>                         | <b>(328.28)</b>                                       | <b>25.93</b>               | <b>45.37</b>                     | <b>4,821.23</b>   | <b>7,309.21</b> | <b>-</b>                 |

Summary of significant accounting policies and other explanatory information

This is the consolidated statement of changes in equity referred to in our report of even date.

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

**Arun Tandon**  
Partner  
  
Membership No: 517273

Place: New Delhi  
Date: 27<sup>th</sup> April 2021

For and on behalf of the Board of Directors of  
**Sona BLW Precision Forgings Limited**

**Sunjay Kapur**  
Chairman and Non-Executive Director  
DIN: 00145529

**Rohit Nanda**  
Group Chief Financial Officer

**Vivek Vikram Singh**  
Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

**Ajay Pratap Singh**  
Company Secretary  
Membership No. F5253

Place: Gurugram  
Date: 27<sup>th</sup> April 2021

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 1. GROUP OVERVIEW

Sona BLW Precision Forgings Limited (the "Parent Company" or the "Company"), a public limited company was incorporated on 27<sup>th</sup> October 1995 and began commercial production in November 1998. Sona BLW and its subsidiaries (together referred to as "the Group") are engaged in the manufacturing of precision forged bevel gears, differential case assemblies, conventional and micro-hybrid starter motors, EV traction motors etc., for automotive and other applications.

Pursuant to approval of the Board of Directors and the shareholders in their meetings held on 16<sup>th</sup> October 2018, the Company executed Share Purchase Agreement with Singapore VII Topco III

### 2. GROUP COMPANIES

Consolidated financial statements comprise the financial statements of Sona BLW Precision Forgings Limited, its subsidiaries and its associate (hereinafter referred together referred to as 'Group') which are listed below:

| Name of Subsidiary   | Country of incorporation | Proportion of ownership (%) as at 31 <sup>st</sup> March 2021 | Proportion of ownership (%) as at 31 <sup>st</sup> March 2020 |
|--|--------------------------|---|---|
| Sona Holding B.V. Amsterdam, The Netherlands*                                | Netherland               | Nil   | Nil   |
| Sona Autocomp USA LLC*   | USA                      | Nil   | Nil   |
| Sona Autocomp Germany GmbH*  | Germany                  | Nil   | Nil   |
| PHT Beteiligungs GmbH & Co. KG   | Germany                  | Nil   | Nil   |
| SONA BLW Driveline LLC*  | USA                      | Nil   | Nil   |
| SONA BLW-Hilfe GmbH*   | Germany                  | Nil   | Nil   |
| SONA BLW Hungary Ltd*  | Hungary                  | Nil   | Nil   |
| SONA BLW Präzisionsschmiede GmbH*  | Germany                  | Nil   | Nil   |
| Comstar Automotive Technologies Private Limited <sup>#</sup>                 | India                    | 100%  | 100%  |
| Comstar Automotive Technology Services Private Limited <sup>#</sup>          | India                    | 100%  | 100%  |
| Comstar Automotive USA LLC <sup>#</sup>                                      | USA                      | 100%  | 100%  |
| Comstar Hong Kong Mexico No. 1, LLC <sup>#</sup>                             | USA                      | 100%  | 100%  |
| Comstar Automotive Hong Kong Ltd. <sup>#</sup>                               | Hong Kong                | 100%  | 100%  |
| Comestel Automotive Technologies Mexicana Ltd <sup>#</sup>                   | Hong Kong                | 100%  | 100%  |
| Comstar Automotive (Hangzhou) Co., Ltd <sup>#</sup>                          | China                    | 100%  | 100%  |
| Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V. <sup>#</sup> | Mexico                   | 100%  | 100%  |
| Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V. <sup>#</sup>   | Mexico                   | 100%  | 100%  |
| Sona Comstar eDrive Private Limited  | India                    | 100%  | Nil   |

<sup>#</sup>Acquired on 5<sup>th</sup> July 2019.

\* Ceased to be subsidiary from 4<sup>th</sup> July 2019.

### 3.(A) SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of this consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### a) Basis of preparation

The Consolidated Financial Statements comprise of the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and Statement of Significant

Pte. Ltd and consequently, the Parent Company on 5<sup>th</sup> July 2019 had acquired 100% equity shares (representing 100% voting interest) of Comstar Automotive Technologies Pvt. Ltd. and its subsidiaries and Comstar Automotive Hong Kong Limited and its subsidiaries.

Further, the Parent Company had executed an agreement dated 16<sup>th</sup> October 2018 to sell 81% stake in its wholly owned subsidiary, Sona Holding B.V. Netherlands (Sona BV), to Sona Autocomp Holding Private Limited. On 4<sup>th</sup> July 2019, the Parent Company completed the aforementioned transaction and accordingly, with effect from that date, Sona Holding B.V. Netherlands ceased to be Company's subsidiary.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

Accounting Policies and other explanatory information for the year then ended (hereinafter referred to as "Consolidated Financial Statements"). The Consolidated Financial Statements have been prepared to comply in all material respects with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Act"). All significant intercompany transactions and balances between Group entities are eliminated on consolidation.

#### b) Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on the current/non-current classification.

An asset is treated as current when:

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

Current assets include the current portion of non-current financial assets. The Group classifies all other assets as non-current.

A liability is treated current when:

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

Current liabilities include current portion of non-current financial liabilities. The Group classifies all other liabilities 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 for the purpose of current / non-current classification of assets and liabilities.

#### c) Business combinations

The Group applies the acquisition method in accounting for business combinations. The cost of acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date. Acquisition costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. Goodwill is measured as excess of the aggregate of the fair value of the consideration transferred over the fair value of the net of identifiable assets acquired and liabilities assumed. If the fair value of the net of identifiable assets acquired and liabilities assumed is in excess of the aggregate mentioned above, the resulting gain on bargain purchase is recognised.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

#### d) Property, plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

If payment is deferred beyond normal credit terms, the property, plant and equipment is capitalized at discounted value. The difference between the discounted value and the total payment is recognized as interest over the period of credit.

### Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives (as set out below) as prescribed in Schedule II of the Act:

| Asset category         | Useful life (in years)           |
|------------------------|----------------------------------|
| Factory Buildings      | 30                               |
| Roads                  | 10                               |
| Sheds                  | 3                                |
| Plant and equipment    | 15                               |
| Furniture and fixtures | 10                               |
| IT equipment           | 6                                |
| Computers              | 3                                |
| Vehicles               | 4-8                              |
| Office equipment       | 5                                |
| Leasehold improvements | Over the effective term of lease |

In case of subsidiaries, the following useful lives have been used by the Group:

| Asset category                                | Useful life (in years) |
|---|------------------------|
| Buildings                                     | 10 to 50 years         |
| Buildings and land improvements               | 15 to 25 years         |
| Technical machinery and equipment             | 8 to 25 years          |
| Other equipment, factory and office equipment | 3 to 10 years          |

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

### De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised 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 income statement when the asset is derecognised.

### e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Group can demonstrate the following:

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

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

### Amortisation methods and periods.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

| Asset class        | Useful life (in years) |
|--------------------|------------------------|
| Computer software  | 6                      |
| Technical know-how | 6                      |
| Brand              | Indefinite             |

### In case of subsidiaries, the following useful lives have been used by the Group:

Intangible assets with finite useful lives are capitalized at cost and amortized on a straight-line basis generally over a period of 3 to 15 years, depending on their estimated useful lives. Useful lives are examined on an annual basis and adjusted when applicable on a prospective basis.

### Intangible assets - Customer relationships

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 15 years.

### f) Leases

#### Transition to Ind AS 116 - Leases:

Effective 1<sup>st</sup> April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1<sup>st</sup> April, 2019 using the modified retrospective method. with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings.

Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

The following is the summary of practical expedients elected on initial application:

1. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

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

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the right to extend the lease. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

### g) Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the basis of weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposit accounts, margin deposit money and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the balance sheet. The statement of cashflow is prepared using indirect method.

### i) Impairment of non-financial assets

Intangible assets that have an indefinite useful life (including Goodwill and Brands) are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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 available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of asset over its remaining useful life.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### j) Impairment of financial assets

All financial assets except for those at fair value through profit and loss (FVTPL) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets. In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost. ECL

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider -

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

### Trade receivables

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognized upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The Group uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on Group historical collection experience for customers and forecast of macroeconomic factors.

### Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses. When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is

indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

### k) Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at FVTPL which are measured initially at fair value.

If the Group determines that the fair value at initial recognition differs from the transaction price, the Group accounts for that instrument at that date as follows:

- at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Group recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below:

### Financial assets

#### Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

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Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### Financial assets at amortised cost

A financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

### Financial assets at fair value

Investments in equity instruments (other than subsidiaries / associates) – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at FVTPL. For all other equity instruments, the Group decides to classify the same either at fair value through other comprehensive income (FVOCI) or FVTPL. The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

### De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

### Financial liabilities

#### Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

#### De-recognition of financial liabilities

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

#### Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in consolidated statement of profit and loss.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 1) Fair value measurement

The Group measures certain financial instruments, such as, investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

### m) Provisions, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Expected future operating losses are not provided for.

### Contingencies

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

### n) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

### Revenue from sale of goods

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue is measured at fair value of the consideration received or receivable and are accounted for net of returns and discounts. Sales, as disclosed, are exclusive of goods and services tax.

### Other incomes

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Dividend is recognized as and when the right of the Group to receive payment is established.

Export benefit entitlements under various schemes notified by the government are recognized in the statement of profit and loss when the right to receive credit as per terms of the scheme is established in respect of the exports made and no significant uncertainties exist as to the amount of consideration and its ultimate collection.

### o) Employee benefits

#### i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

at the amounts expected to be paid when the liabilities are settled.

### ii) Post-employment benefits

Defined contribution plan: A defined contribution plan is a post-employment benefit plan under which the Group pays specified contributions to a separate entity. The Group has defined contribution plans for provident fund and employees' state insurance scheme. The Group's contribution in the above plans is recognised as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

Defined benefit plans: The Group has defined benefit plan namely Gratuity for employees. The liability in respect of gratuity plans is calculated annually by independent actuary using the projected unit credit method. The Group recognises the following changes in the net defined benefit obligation under employee benefits expense in statement of profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailment and non-routine settlements
- Net interest expense

Re-measurement 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 retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

### iii) Other long-term employee benefits

Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of the year. Actuarial gains/losses are immediately recognised to the Statement of Profit and Loss.

### iv) Termination benefits are recognized as an expense immediately.

### p) Employee share based payments

The Company has equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity

instruments granted. This fair value is appraised at the grant date. All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

### q) Foreign currency transactions

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs 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 gains/ (losses). Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the Statement of Profit and Loss in the year in which they arise.

### r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Eligible transaction/ ancillary costs incurred in connection with the arrangement of borrowings are adjusted with the proceeds of the borrowings.

### s) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of Goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset

where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### t) Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group;
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

#### Dilute earnings per share

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity 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.

### u) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

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prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation. A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

### 3.(B) STANDARDS ISSUED BUT NOT YET EFFECTIVE

All the Ind AS issued and notified by the Ministry of Corporate Affairs ('MCA') under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in preparing these financial statements.

#### Standards issued but not effective

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. However, there are no such notifications which have been issued but are not yet effective or applicable from 1<sup>st</sup> April 2021.

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that

affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes:

- measurement of defined benefit obligations;
- estimation of useful lives of property, plant and equipment;
- provision and contingent liabilities;
- carrying values of inventories;
- expected credit loss on receivables;
- impairment of non-financial assets (goodwill and brands);
- measurement of share based payments;
- Evaluation of indicators for impairment of non-financial assets
- Classification of leases
- Taxation and legal disputes
- Measurement of fair values
- cash flow projections and liquidity assessment with respect

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 5. PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS AND RIGHT OF USE ASSET

| Property, plant and equipment                                    | Freehold land | Buildings (Refer note 1) | Plant and equipment (Refer note 1) | Furniture and fixtures | Office equipment | Computers | Vehicles | Leasehold improvement | Right-of-use assets                             |                                   |                                   |          |
|--|---------------|--------------------------|------------------------------------|------------------------|------------------|-----------|----------|-----------------------|---|-----------------------------------|-----------------------------------|----------|
|  |               |                          |                                    |                        |                  |           |          |                       | Total leasehold land (Refer Note (ii) and (iv)) | Building                          | Total                             |          |
| <b>Gross carrying amount as at 1<sup>st</sup> April 2019</b>     | 13.10         | 325.57                   | 1,641.86                           | 33.02                  | 49.98            | 48.83     | 80.11    | 79.96                 | 2,272.45  | 241.84                            | 191.56                            | 433.40   |
| Acquired pursuant to business combination (refer note 54)        | 15.00         | 164.00                   | 416.66                             | 13.04                  | 20.00            | 18.71     | 13.12    | 13.48                 | 674.00  | 683.59                            | -                                 | 683.59   |
| Additions  | -             | 15.78                    | 667.41                             | 6.76                   | 10.08            | 16.32     | 14.42    | 18.87                 | 749.64  | -                                 | 381.63                            | 381.63   |
| Transfer on capitalisation                                       | -             | -                        | 48.00                              | -                      | -                | -         | -        | -                     | 48.00   | -                                 | -                                 | -        |
| Disposals  | -             | -                        | (0.19)                             | (5.92)                 | (0.14)           | (3.94)    | (5.26)   | (0.97)                | (16.42)   | -                                 | (4.67)                            | (4.67)   |
| <b>Gross block as at 31<sup>st</sup> March 2020</b>              | 28.10         | 505.35                   | 2,773.74                           | 46.90                  | 79.92            | 102.39    | 14.69    | 111.34                | 3,727.67  | 925.43                            | 568.52                            | 1,493.95 |
| Additions  | -             | 15.27                    | 1,072.46                           | 5.80                   | 14.29            | 26.93     | 14.69    | 24.23                 | 1,173.67  | -                                 | 245.02                            | 245.02   |
| Foreign currency translation reserve                             | -             | (0.99)                   | (0.47)                             | 0.27                   | (0.01)           | 0.01      | 0.45     | -                     | (0.74)  | -                                 | -                                 | -        |
| Disposals  | (2.27)        | -                        | (231.27)                           | -                      | (0.03)           | (0.85)    | (10.39)  | -                     | (244.81)  | -                                 | -                                 | -        |
| <b>Gross block as at 31<sup>st</sup> March 2021</b>              | 25.83         | 519.63                   | 3,614.47                           | 52.97                  | 94.17            | 106.01    | 107.13   | 135.57                | 4,655.79  | 925.43                            | 813.54                            | 1,738.97 |
| Accumulated depreciation as at 1 <sup>st</sup> April 2019        | -             | 30.65                    | 378.79                             | 9.28                   | 19.45            | 15.13     | 18.80    | 16.91                 | 489.04  | 2.28                              | 25.99                             | 28.27    |
| Depreciation charge during the year                              | -             | 23.85                    | 313.59                             | 6.89                   | 14.74            | 20.60     | 16.12    | 8.80                  | 404.59  | 13.32                             | 31.84                             | 45.16    |
| Transfer on capitalisation                                       | -             | -                        | -                                  | -                      | -                | -         | -        | -                     | -   | 2.00                              | -                                 | 2.00     |
| Disposals  | -             | -                        | (0.19)                             | (2.76)                 | (0.14)           | (3.73)    | (4.21)   | -                     | (11.03)   | -                                 | (0.89)                            | (0.89)   |
| <b>Accumulated depreciation as at 31<sup>st</sup> March 2020</b> | -             | 54.50                    | 692.19                             | 13.41                  | 34.05            | 32.00     | 30.71    | 25.71                 | 882.60  | 17.60                             | 56.94                             | 74.54    |
| Depreciation charge during the year                              | -             | 27.99                    | 450.26                             | 7.30                   | 15.21            | 25.32     | 18.96    | 10.19                 | 555.25  | 10.48                             | 61.31                             | 71.78    |
| Disposals  | -             | -                        | (221.48)                           | -                      | (0.02)           | (0.77)    | (8.75)   | -                     | (231.02)  | -                                 | -                                 | -        |
| Foreign currency translation reserve                             | -             | (0.16)                   | 0.02                               | 0.01                   | (0.01)           | (0.01)    | 0.09     | -                     | (0.06)  | -                                 | -                                 | -        |
| <b>Accumulated depreciation as at 31<sup>st</sup> March 2021</b> | -             | 82.33                    | 920.99                             | 20.72                  | 49.23            | 56.54     | 41.02    | 35.90                 | 1,206.77  | 28.08                             | 118.25                            | 146.32   |
| <b>Net carrying amount as at 31<sup>st</sup> March 2020</b>      | 28.10         | 450.85                   | 2,081.55                           | 33.48                  | 45.87            | 47.91     | 71.67    | 85.63                 | 2,845.07  | 907.83                            | 511.58                            | 1,419.41 |
| <b>Net carrying amount as at 31<sup>st</sup> March 2021</b>      | 25.83         | 437.29                   | 2,693.48                           | 32.25                  | 44.93            | 49.47     | 66.12    | 99.67                 | 3,449.02  | 897.35                            | 695.29                            | 1,592.65 |
| <b>Capital work-in-progress</b>                                  |               |                          |                                    |                        |                  |           |          |                       |   |                                   |                                   |          |
| Particulars  |               |                          |                                    |                        |                  |           |          |                       |   | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |          |
| Capital work-in-progress   |               |                          |                                    |                        |                  |           |          |                       |   | 821.36                            | 581.37                            |          |
| <b>Total</b>   |               |                          |                                    |                        |                  |           |          |                       |   | <b>821.36</b>                     | <b>581.37</b>                     |          |

#### Notes:

- In Parent Company, Building (gross block) amounting ₹ 177.58 million (31<sup>st</sup> March 2020: ₹ 167.34 million), net block ₹ 124.84 million (31<sup>st</sup> March 2020: ₹ 123.62 million, 31<sup>st</sup> March 2019: ₹ 115.29 million, 31<sup>st</sup> March 2018: ₹ 89.24 million) is constructed on leasehold land
- Refer note 44 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- The Parent Company has a leasehold land at Pune which has been taken on a lease for a period of 95 years in the year 2018-19. Initial lease payment of ₹ 227.68 million has been made. No annual rent is required to be paid for the aforementioned leasehold land.
- The Parent Company has a leasehold land at Pune which has been taken on a lease for a period of 71 years and 8 months in the year 2004-05. Initial lease payment of ₹ 17.15 millions has been made. No annual rent is required to be paid for the aforementioned leasehold land.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 6. INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

|  | Computer software | Technical knowhow | Capitalised development expenditure | Brand         | Customer relationships | Total           | Goodwill on consolidation (Inc assembled workforce) |
|--|-------------------|-------------------|-------------------------------------|---------------|------------------------|-----------------|---|
| <b>Intangible assets</b>   |                   |                   |                                     |               |                        |                 |   |
| <b>Gross carrying amount as at 1<sup>st</sup> April 2019</b>     | <b>48.38</b>      | <b>27.18</b>      | <b>-</b>                            | <b>670.03</b> | <b>-</b>               | <b>745.59</b>   | <b>-</b>  |
| Acquired pursuant to business combination (refer note 54)        | 13.00             | -                 | -                                   | -             | 4,009.00               | 4,022.00        | 1,758.09  |
| Additions  | 89.67             | -                 | -                                   | 17.37         | -                      | 107.04          | -   |
| Disposals  | (7.95)            | -                 | -                                   | -             | -                      | (7.95)          | -   |
| <b>Gross block as at 31<sup>st</sup> March 2020</b>              | <b>143.10</b>     | <b>27.18</b>      | <b>-</b>                            | <b>687.40</b> | <b>4,009.00</b>        | <b>4,866.68</b> | <b>1,758.09</b>                                     |
| <b>Additions *</b>   | <b>88.57</b>      | <b>-</b>          | <b>992.90</b>                       | <b>-</b>      | <b>-</b>               | <b>1,081.47</b> | <b>-</b>  |
| <b>Gross block as at 31<sup>st</sup> March 2021</b>              | <b>231.67</b>     | <b>27.18</b>      | <b>992.90</b>                       | <b>687.40</b> | <b>4,009.00</b>        | <b>5,948.15</b> | <b>1,758.09</b>                                     |
| <b>Accumulated amortisation as at 1<sup>st</sup> April 2019</b>  | <b>13.75</b>      | <b>7.93</b>       | <b>-</b>                            | <b>-</b>      | <b>-</b>               | <b>21.68</b>    | <b>-</b>  |
| Amortisation charge for the year                                 | 18.62             | 4.53              | -                                   | -             | 198.30                 | 221.45          | -   |
| Disposals  | (5.63)            | -                 | -                                   | -             | -                      | (5.63)          | -   |
| <b>Accumulated amortisation as at 31<sup>st</sup> March 2020</b> | <b>26.74</b>      | <b>12.46</b>      | <b>-</b>                            | <b>-</b>      | <b>198.30</b>          | <b>237.50</b>   | <b>-</b>  |
| Amortisation charge for the year                                 | 40.84             | 4.52              | 32.01                               | -             | 267.07                 | 344.44          | -   |
| <b>Accumulated amortisation as at 31<sup>st</sup> March 2021</b> | <b>67.58</b>      | <b>16.98</b>      | <b>32.01</b>                        | <b>-</b>      | <b>465.37</b>          | <b>581.94</b>   | <b>-</b>  |
| <b>Net carrying amount as at 31<sup>st</sup> March 2020</b>      | <b>116.36</b>     | <b>14.72</b>      | <b>-</b>                            | <b>687.40</b> | <b>3,810.70</b>        | <b>4,629.18</b> | <b>1,758.09</b>                                     |
| <b>Net carrying amount as at 31<sup>st</sup> March 2021</b>      | <b>164.10</b>     | <b>10.20</b>      | <b>960.89</b>                       | <b>687.40</b> | <b>3,543.63</b>        | <b>5,366.21</b> | <b>1,758.09</b>                                     |

\* Includes transfer from intangible assets under development

|  | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|--|-----------------------------------|-----------------------------------|
| <b>Intangible assets under development</b> |                                   |                                   |
| Patent under development                   | -                                 | 315.00                            |
| Others                                     | 10.76                             | -                                 |
|  | <b>10.76</b>                      | <b>315.00</b>                     |

### 7. INVESTMENTS

|  | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|--|-----------------------------------|-----------------------------------|
| <b>Unquoted equity instruments, fully paid up</b>  |                                   |                                   |
| 9,953 (31 <sup>st</sup> March 2020: 9,953) equity shares of Euro 500 each in Sona Holding B.V. The Netherlands (refer note 49) | -                                 | 19.00                             |
|  | <b>-</b>                          | <b>19.00</b>                      |
| Aggregate amount of unquoted non-current investments   | -                                 | 19.00                             |
| Aggregate amount of impairment in value of unquoted investments  | 328.27                            | 309.28                            |

### 8. LOANS

|                                   | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Unsecured, considered good</b> |                                   |                                   |
| <b>Non current</b>                |                                   |                                   |
| Security deposits                 | 57.77                             | 50.79                             |
| <b>Total loans - non current</b>  | <b>57.77</b>                      | <b>50.79</b>                      |
| <b>Current</b>                    |                                   |                                   |
| Security deposits                 | 0.35                              | 4.92                              |
| <b>Total loans - current</b>      | <b>15.07</b>                      | <b>4.92</b>                       |

#### Notes

(i) The exposure to financial risks and fair value measurement related to these financial instruments is described in note 36 and 37.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 9. OTHER FINANCIAL ASSETS

|  | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|--|-----------------------------------|-----------------------------------|
| <b>Unsecured, considered good</b>  |                                   |                                   |
| <b>Non current</b>   |                                   |                                   |
| Fixed deposits with banks with maturity period of more than 12 months (refer note (i)) | -                                 | 0.87                              |
| <b>Total other financial assets- non current</b>                                       | <b>-</b>                          | <b>0.87</b>                       |
| <b>Current</b>   |                                   |                                   |
| Receivable from related parties (refer note 40)  | -                                 | 0.30                              |
| Forward contract receivables   | 147.87                            | -                                 |
| Royalty income receivable  | 1.47                              | 5.00                              |
| Others   | 2.31                              | -                                 |
| <b>Total other financial assets- current</b>   | <b>151.65</b>                     | <b>5.30</b>                       |

#### Notes:

- (i) Held as margin money deposits against bank guarantees, letter of credit availed by the Group and under lien for loan facility.
- (ii) The exposure to financial risks and fair value measurement related to these financial instruments is described in note 36 and 37.

### 10. INCOME TAX ASSETS (NET)

|                    | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|--------------------|-----------------------------------|-----------------------------------|
| <b>Non current</b> |                                   |                                   |
| Prepaid taxes      | 186.74                            | 291.42                            |
|                    | <b>186.74</b>                     | <b>291.42</b>                     |

\* Amount paid under protest of ₹ 24.48 million (31<sup>st</sup> March 2020: ₹ 23.71 million)

### 11. OTHER ASSETS

|  | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|--|-----------------------------------|-----------------------------------|
| <b>Non current</b>                             |                                   |                                   |
| Prepaid expenses                               | 2.07                              | 11.41                             |
| Capital advances                               | 251.90                            | 219.08                            |
| Un-adjusted consideration for revenue contract | 42.26                             | 48.00                             |
| <b>Total other assets- non current</b>         | <b>296.23</b>                     | <b>278.49</b>                     |
| <b>Current</b>                                 |                                   |                                   |
| Prepaid expenses (refer note 58)               | 59.79                             | 46.65                             |
| Loans and advances to employees                | 3.29                              | 4.49                              |
| Advance to suppliers for goods and services    | 107.61                            | 88.47                             |
| Balance with government authorities            | 297.80                            | 168.53                            |
| Un-adjusted consideration for revenue contract | 19.23                             | -                                 |
| Other assets                                   | 74.22                             | 50.38                             |
| Less: Allowance for doubtful advances          | (20.38)                           | (22.18)                           |
| <b>Total other assets- current</b>             | <b>541.56</b>                     | <b>336.34</b>                     |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 12. INVENTORIES

|                                | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Raw materials and components * | 984.56                               | 572.41                               |
| Work-in-progress **            | 268.18                               | 163.30                               |
| Finished goods ***             | 1,431.98                             | 895.18                               |
| Stores and spares              | 174.24                               | 174.36                               |
| Loose tools                    | 39.06                                | 17.91                                |
| Dies, jigs and fixtures        | 146.78                               | 122.89                               |
| Scrap                          | 10.77                                | 16.31                                |
| <b>Total#</b>                  | <b>3,055.57</b>                      | <b>1,962.36</b>                      |

# Total inventory is net of 'provision for obsolete and slow moving inventory' amounting to ₹ 47.52 million (31<sup>st</sup> March 2020: ₹ 15.30 million)

\* Includes raw materials and components in transit amounting ₹ 157.59 million (31<sup>st</sup> March 2020: ₹ 44.98 million)

\*\* Includes with the vendors sent for job work ₹ 110.68 million (31<sup>st</sup> March 2020: ₹ 56.10 million)

\*\*\* Includes goods in transit ₹ 361.07 million (31<sup>st</sup> March 2020: ₹ 175.21 million)

### 13. TRADE RECEIVABLES

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Unsecured</b>                          |                                      |                                      |
| Trade receivables considered good         | 4,169.87                             | 2,336.28                             |
| Trade receivables - credit impaired       | 2.97                                 | 3.94                                 |
| Less: Allowances for expected credit loss | (2.97)                               | (3.94)                               |
| <b>Total trade receivables</b>            | <b>4,169.87</b>                      | <b>2,336.28</b>                      |

#### Notes:

(i) Refer note 40 for receivable balance from related parties.

(ii) Refer note 37 - Financial instruments for assessment of expected credit losses.

### 14. CASH AND CASH EQUIVALENTS

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Balance with banks   |                                      |                                      |
| - in current accounts  | 247.98                               | 445.43                               |
| Cash on hand   | 0.10                                 | 0.14                                 |
| Bank deposits with original maturity of less than three months | 1.40                                 | 604.28                               |
| <b>Total cash and cash equivalents</b>                         | <b>249.48</b>                        | <b>1,049.85</b>                      |

### 15. OTHER BANK BALANCES

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Bank deposits with original maturity of more than three months but residual maturity of less than twelve months | 26.27                                | 623.08                               |
| <b>Total other bank balances</b>  | <b>26.27</b>                         | <b>623.08</b>                        |

### 16.(A) EQUITY SHARE CAPITAL

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Authorised share capital</b>  |                                      |                                      |
| 998,500,000 (31 <sup>st</sup> March 2020: 50,500,000) equity shares of ₹ 10 each               | 9,985.00                             | 505.00                               |
| <b>Issued, subscribed and paid up share capital</b>  |                                      |                                      |
| 572,980,560 (31 <sup>st</sup> March 2020: 47,153,944) equity shares of ₹ 10 each fully paid up | 5,729.80                             | 471.54                               |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### i) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Number of shares</b>   |                                      |                                      |
| Equity shares outstanding at the beginning of the year  | 47,153,944                           | 27,718,376                           |
| Less: Buyback of shares (refer note v below)  | -                                    | (2,592,935)                          |
| Add : Issue of shares (refer note 56)   | -                                    | 22,028,503                           |
| Add : Conversion of compulsory convertible preference shares into equity shares (refer note vi below) | 594,436                              | -                                    |
| Add : Bonus shares issued during the year (refer note vii below)                                      | 525,232,180                          | -                                    |
| <b>Equity shares outstanding at the end of the year</b>   | <b>572,980,560</b>                   | <b>47,153,944</b>                    |

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Amount</b>   |                                      |                                      |
| Equity shares outstanding at the beginning of the year  | 471.54                               | 277.18                               |
| Less: Buyback of shares (refer note v below)  | -                                    | (25.93)                              |
| Add : Issue of shares (refer note 56)   | -                                    | 220.29                               |
| Add : Conversion of compulsory convertible preference shares into equity shares (refer note vi below) | 5.94                                 | -                                    |
| Add : Bonus shares issued during the year (refer note vii below)                                      | 5,252.32                             | -                                    |
| <b>Equity shares outstanding at the end of the year</b>   | <b>5,729.80</b>                      | <b>471.54</b>                        |

### ii) Rights, preferences and restrictions attached to equity shares

The Parent Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Group after distribution of all preferential amounts, in proportion to their shareholding.

### iii) Shares of the Company held by Holding Company

|                                  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Singapore VII Topco III Pte. Ltd | 379,771,512                          | 31,053,190                           |

### iv) Details of shareholders holding more than 5% of the total number of equity shares in the Company

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Number of shares</b>   |                                      |                                      |
| Singapore VII Topco III Pte. Ltd  | 379,771,512                          | 31,053,190                           |
| Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited) | 193,208,904                          | 16,100,742                           |

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Percentage</b>   |                                      |                                      |
| Singapore VII Topco III Pte. Ltd  | 66.28%                               | 65.85%                               |
| Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited) | 33.72%                               | 34.15%                               |

(v) The shareholders of the Parent Company approved the buyback of 2,592,935 equity shares on 3<sup>rd</sup> July 2019 and subsequently on 5<sup>th</sup> July 2019, Group has bought back 2,592,935 equity shares and Capital Redemption Reserve has been created in accordance with provision of the Companies Act, 2013 for the buy back of equity shares. Other than this, the Parent Company has not bought back any shares during the period ended 31<sup>st</sup> March 2021 and five years immediately preceding the year ended 31<sup>st</sup> March 2020.

(vi) In the board meeting on 27<sup>th</sup> January 2021 the Board of Directors of the Parent Company has approved the conversion of the compulsorily convertible preference shares (CCPS) into the equity shares of the Company in accordance with the Share Subscription and Share Purchase Agreement dated 16<sup>th</sup> October 2018 executed between inter alia, the Company and the Investor. Number of equity shares issued against conversion of CCPS : 594,436.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

(vii) The Board of Directors of the Parent Company have approved the following: issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each (including the equity shares issued upon conversion of the Compulsorily Convertible Preference Shares (CCPS) and accordingly 525,232,180 bonus shares were issued, which were allotted on 10<sup>th</sup> February 2020. Other than this, the Parent Company has not issued any shares pursuant to contracts without payment being received in cash, or allotted as fully paid up by way of bonus shares during the period ended 31<sup>st</sup> March 2021 and five years immediately preceding the year ended 31<sup>st</sup> March 2020.

### 16.(B) INSTRUMENTS ENTIRELY EQUITY IN NATURE

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Authorised share capital</b>  |                                      |                                      |
| 1,500,000 (31 <sup>st</sup> March 2020: 1,500,000) preference shares of ₹ 10 each                                | 15.00                                | 15.00                                |
| <b>Issued, subscribed and paid up share capital</b>  |                                      |                                      |
| Nil (31 <sup>st</sup> March 2020: 594,436) Compulsorily convertible preference shares of ₹ 10 each fully paid up | -                                    | 5.94                                 |

#### i) Reconciliation of shares outstanding at the beginning and at the end of the year

| Number of shares  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Compulsorily convertible preference shares outstanding at the beginning of the year | 594,436                              | -                                    |
| Add : Issue of shares (refer note 56)   | -                                    | 594,436                              |
| Less : Conversion of compulsory convertible preference shares into equity shares    | (594,436)                            | -                                    |
| Compulsorily convertible preference shares outstanding at the end of the year       | -                                    | 594,436                              |

| Amount   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Compulsorily convertible preference shares outstanding at the beginning of the year                | 5.94                                 | -                                    |
| Add: Issue of 594,436 preference shares of ₹ 10 each fully paid up                                 | -                                    | 5.94                                 |
| Less : Conversion of compulsory convertible preference shares into equity shares (refer note 16 A) | (5.94)                               | -                                    |
| Compulsorily convertible preference shares outstanding at the end of the year                      | -                                    | 5.94                                 |

#### ii) Rights, preferences and restrictions attached to preference shares

Each compulsorily convertible preference shares (CCPS) has a par value of ₹ 10 and would be converted into equity shares of the holding company on the date falling five years from the date of issue of such CCPS or the last date of conversion under applicable laws, whichever is earlier. The preference shareholders shall receive a dividend of 0.01% per annum and carry a preferential right vis-à-vis equity shares of the holding company with respect to payment of dividend or repayment of capital. Each CCPS shall have the same voting as that given to the equity shareholders in the shareholders' meeting, to the extent of their respective ownership of equity shares (assuming the CCPS have been converted into equity shares in accordance with their terms). The preference shares shall have preferential rights vis-a-vis the equity shares, with respect to interest and other distribution rights and rights on liquidation, dissolution and winding up of the affairs of the holding company.

#### iii) Shares of the Company held by Holding Company

|                                  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Singapore VII Topco III Pte. Ltd | -                                    | 594,436                              |

#### iv) Details of shareholders holding more than 5% of the total number of preference shares in the Company

| Number of shares                 | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Singapore VII Topco III Pte. Ltd | -                                    | 594,436                              |

| Percentage                       | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Singapore VII Topco III Pte. Ltd | -                                    | 100.00%                              |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 17. OTHER EQUITY

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Retained earnings                                     | 4,821.23                             | 3,569.95                             |
| General reserve                                       | 120.00                               | 120.00                               |
| Securities premium                                    | 2,608.04                             | 7,881.33                             |
| Capital redemption reserve                            | 25.93                                | 25.93                                |
| Foreign currency translation reserve                  | 16.92                                | 14.00                                |
| Equity instruments through other comprehensive income | (328.28)                             | (309.28)                             |
| Employee's stock options reserve                      | 45.37                                | -                                    |
| <b>Total reserves and surplus</b>                     | <b>7,309.21</b>                      | <b>11,301.93</b>                     |

#### a) Retained earnings

Retained earnings represent the undistributed profits that the Group has till date and it includes remeasurements of defined benefit obligation.

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Opening balance  | 3,569.95                             | 1,115.12                             |
| Net profit for the year  | 2,151.65                             | 3,652.86                             |
| Remeasurement of defined benefit obligations, net of tax                     | 3.64                                 | 8.71                                 |
| Less: Ind-AS 116 translation adjustments (net of adjustment of deferred tax) | -                                    | (13.73)                              |
| Less:-Dividend paid  | (904.01)                             | (968.09)                             |
| Less:-Tax on dividend  | -                                    | (198.99)                             |
| Less : Transfer to capital redemption reserve                                | -                                    | (25.93)                              |
| <b>Closing balance</b>   | <b>4,821.23</b>                      | <b>3,569.95</b>                      |

#### b) General reserve

|                        | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|------------------------|--------------------------------------|--------------------------------------|
| <b>Opening balance</b> | <b>120.00</b>                        | <b>120.00</b>                        |
| <b>Closing balance</b> | <b>120.00</b>                        | <b>120.00</b>                        |

The Group transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. This reserve is available for distribution to shareholders in accordance with provisions of Companies Act, 2013.

#### c) Securities premium

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Opening balance</b>   | <b>7,881.33</b>                      | <b>382.14</b>                        |
| Premium on fresh issue of equity shares                              | -                                    | 8,257.02                             |
| Premium on fresh issue of compulsorily convertible preference shares | -                                    | 222.81                               |
| Less: Stamp duty paid for increase in authorised share capital       | (20.97)                              | (8.72)                               |
| Less: Amount utilised for issue of bonus shares                      | (5,252.32)                           | -                                    |
| Less: Premium paid on buy back of shares                             | -                                    | (788.28)                             |
| Less: Tax paid on buy back of shares                                 | -                                    | (183.64)                             |
| <b>Closing balance</b>   | <b>2,608.04</b>                      | <b>7,881.33</b>                      |

Securities premium represents premium received on issuance of shares. The balance is utilised in accordance with the provisions of the Companies Act, 2013.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### d) Capital redemption reserve

|                                      | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Opening balance                      | 25.93                                | -                                    |
| Transferred from retained earnings   | -                                    | 25.93                                |
| Less: Tax paid on buy back of shares | -                                    | -                                    |
| <b>Closing balance</b>               | <b>25.93</b>                         | <b>25.93</b>                         |

Companies Act, 2013 requires that where a Group purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Group, in paying up unissued shares of the Group to be issued to shareholders of the Group as fully paid bonus shares. The Group established this reserve pursuant to the buyback of shares in current year.

### e) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Opening balance  | 14.00                                | (192.37)                             |
| Exchange difference reclassified to profit or loss on disposal of subsidiary | -                                    | 192.37                               |
| Currency translation during the year   | 2.92                                 | 14.00                                |
| <b>Closing balance</b>   | <b>16.92</b>                         | <b>14.00</b>                         |

### f) Equity instruments through other comprehensive income

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. Such fair value changes are not reclassified to profit or loss even upon disposal of the investment, but are transferred to retained earnings.

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Opening balance  | (309.28)                             | -                                    |
| Add: Net changes in fair values of equity instruments carried at fair value through other comprehensive income | (19.00)                              | (309.28)                             |
| <b>Closing balance</b>   | <b>(328.28)</b>                      | <b>(309.28)</b>                      |

### g) Employee's stock options reserve

This reserve represents the share based compensation expense recorded with respect to options granted to employees as and when the related grant conditions are met and is adjusted on exercise/ forfeiture of options.

|                               | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Opening balance               | -                                    | -                                    |
| Add: Movement during the year | 45.37                                | -                                    |
| <b>Closing balance</b>        | <b>45.37</b>                         | <b>-</b>                             |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 18. BORROWINGS

#### (i) Non - current borrowings

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Secured</b>   |                                      |                                      |
| <b>Term loans from banks</b>   |                                      |                                      |
| Indian rupee loans   | 2,489.41                             | 2,179.70                             |
| Vehicle loans  | 8.07                                 | 10.49                                |
| Deferred payment liabilities   | 20.13                                | 31.54                                |
|  | <b>2,517.61</b>                      | <b>2,221.73</b>                      |
| Less: Amount disclosed under other financial liabilities (refer note 20) | (610.60)                             | (453.51)                             |
| <b>Total non-current borrowings</b>                                      | <b>1,907.01</b>                      | <b>1,768.22</b>                      |

#### (ii) Current borrowings

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Indian Rupee loans repayable on demand from banks - secured* | 1,042.05                             | 846.09                               |
| Bills discounted from financial institution - unsecured**    | 102.94                               | -                                    |
| <b>Total current borrowings</b>                              | <b>1,144.99</b>                      | <b>846.09</b>                        |

\* Cash credit/packing credit/other loans repayable on demand from banks are secured by hypothecation of inventories, book debts, other current assets and other collateral charges and second pari passu charge on movable and immovable fixed assets of the Group. The interest rate on these loans are ranging from 4.70% to 10.35%. (31<sup>st</sup> March 2020: 5.60% to 10.35%)

\*\*The Group enters into factoring arrangements with recourse for its trade receivables with various banks. As at 31<sup>st</sup> March 2021 the Group had factoring facilities in place for trade receivables and amount of ₹ 102.94 million were realised by using these facilities against which the monies were yet to be collected by the financial institution from the Group's customers. The Group does not derecognize the receivables from its books since, it does not transfer substantially all the risks and rewards of ownership of the financial asset (i.e. receivables) and a corresponding liability towards the banks is recognised in respect of aforementioned amounts so realised by the Group from the banks but yet to be collected by the financial institution from the Group's customers.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

| iii) Terms of Long term borrowing  |                                | As at 31 <sup>st</sup> March 2021   | As at 31 <sup>st</sup> March 2020  |
|------------------------------------|--------------------------------|---|--|
| Name of Bank/Financial institution | Particulars                    |   |  |
| HDFC (Term loan) - 1               | Outstanding Amount (₹ million) | 197.12  | 269.07   |
|                                    | Interest rate                  | 0.50% above one year MCLR of HDFC Bank  | 1 Year MCLR + 185 bps  |
| HDFC (Term loan) - 2               | Security                       | 1. First pari passu charge on entire movable & immovable fixed assets of the Company<br>2. Second pari passu charge on current assets (present and future) of the Company   | Quarterly Installments<br>4 Installment for ₹ 17.79 million total amounting ₹ 71.17 million<br>4 Installment for ₹ 22.24 million (Total ₹ 88.96)<br>4 Installment for ₹ 26.69 million (Total ₹ 106.75 million) |
|                                    | Repayment schedule             | Quarterly Installments<br>4 Installment for ₹ 22.24 million (Total ₹ 88.96)<br>4 Installment for ₹ 26.69 million (Total ₹ 106.75 million)   | 4 Installment for ₹ 17.79 million total amounting ₹ 71.17 million<br>4 Installment for ₹ 22.24 million (Total ₹ 88.96)<br>4 Installment for ₹ 26.69 million (Total ₹ 106.75 million)                           |
| HDFC (Term loan) - 3               | Outstanding Amount (₹ million) | 776.72  | 989.56   |
|                                    | Interest rate                  | 0.50% above one year MCLR of HDFC Bank  | 1 year MCLR + 185 bps  |
| HDFC (Term loan) - 4               | Security                       | 1. First pari passu charge on entire movable & immovable fixed assets of the Company<br>2. Second pari passu charge on current assets (present and future) of the Company   | Quarterly 14 Installment for ₹ 70.15 million each (Total ₹ 982.04 million)<br>0.85% above one year MCLR of HDFC Bank   |
|                                    | Repayment schedule             | Quarterly 11 installments of ₹ 70.15 each total amounting ₹ 771.60 million  | Quarterly 18 Installment for ₹ 23.41 million each starting from 1 <sup>st</sup> October 2021, (total amounting ₹ 421.44)   |
| HDFC (Term loan) - 5               | Outstanding Amount (₹ million) | 458.18  | -  |
|                                    | Interest rate                  | 0.20% above six month MCLR of HDFC Bank   | -  |
| HDFC (Term loan) - 6               | Security                       | 1. Movable Fixed assets: First pari-passu charge on the entire movable fixed assets, present and future of the Company<br>2. Immovable Fixed assets: First pari-passu charge on the immovable fixed assets situated at Gurgaon.<br>3. Current Assets: Second pari-passu charge on entire current assets of the Company, both present and future | -  |
|                                    | Repayment schedule             | Quarterly 16 Installment for ₹ 28.48 million each starting from 23 <sup>rd</sup> December 2022 (Total amounting ₹ 455.73 million)   | -  |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

| iii) Terms of Long term borrowing  |                                | As at 31 <sup>st</sup> March 2021  | As at 31 <sup>st</sup> March 2020  |
|------------------------------------|--------------------------------|--|--|
| Name of Bank/Financial institution | Particulars                    |  |  |
| Citi Bank (Term loan)              | Outstanding Amount (₹ million) | 377.31   | 500.00   |
|                                    | Interest rate                  | 3 Months T-Bill Rate +3.67%  | 3 Months T-Bill Rate +3.67%  |
| Citi Bank (Term loan)              | Security                       | 1. First pari passu charge on entire fixed assets of company excluding immovable fixed assets situated at Pune.<br>2. Second pari passu charge on entire current assets of the company | Quarterly Installments<br>16 Installments of ₹ 31.25 million each total amounting ₹ 500 million                                      |
|                                    | Repayment schedule             | Quarterly Installments<br>12 Installments of ₹ 31.25 million each total amounting ₹ 375.00 million   | Interest ranging from 8.39% 9.61%<br>Vehicle   |
| Yes Bank (Vehicle loan)            | Outstanding Amount (₹ million) | 3.01   | 3.62   |
|                                    | Interest rate                  | Interest ranging from 8.39% 9.61%  | Interest ranging from 8.39% 9.61%<br>Vehicle   |
| HDFC (Vehicle loan)                | Security                       | Monthly installment ranging from 19-28 EMI's and amount ranging from ₹ 12,236 - ₹ 37,752.  | Monthly installment ranging from 24-33 EMI's and amount ranging from ₹ 12,236 - ₹ 37,752.  |
|                                    | Repayment schedule             | Interest ranging from 7.75% to 9%<br>Vehicle   | Interest ranging from 7.75% to 9%<br>Vehicle   |
| Deferred payment liabilities       | Outstanding Amount (₹ million) | 5.11   | 6.87   |
|                                    | Interest rate                  | Interest ranging from 7.75% to 9%<br>Vehicle   | Interest ranging from 7.75% to 9%<br>Vehicle   |
| State Bank Of India New Delhi- EPC | Security                       | Monthly installment ranging from 32-47 EMI's and amount ranging from ₹ 10,455 - ₹ 77,150.  | Monthly installment ranging from 32-56 EMI's and amount ranging from ₹ 10,455 - ₹ 77,150.  |
|                                    | Repayment schedule             | Monthly installment ranging from 32-47 EMI's and amount ranging from ₹ 10,455 - ₹ 77,150.  | Monthly installment ranging from 32-56 EMI's and amount ranging from ₹ 10,455 - ₹ 77,150.  |
| State Bank Of India New Delhi- CC  | Outstanding Amount (₹ million) | 20.13  | 31.54  |
|                                    | Interest rate                  | MCLR(1yr)+55 bps(5.6%-6.05%)   | MCLR(1yr)+55 bps(5.6%-6.05%)   |
| State Bank Of India New Delhi- CC  | Security                       | First pari passu on the entire (present & future) current assets of the Company, Second charge is on all fixed assets of the company   | First pari passu on the entire (present & future) current assets of the Company, Second charge is on all fixed assets of the company |
|                                    | Repayment schedule             | Repayable on demand  | Repayable on demand  |
| State Bank Of India New Delhi- CC  | Outstanding Amount (₹ million) | 39.56  | -  |
|                                    | Interest rate                  | MCLR(1yr)+85 bps   | -  |
| State Bank Of India New Delhi- CC  | Security                       | First pari passu on the entire (present & future) current assets of the company  | -  |
|                                    | Repayment schedule             | Repayable on demand  | -  |



## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 19. LEASE LIABILITIES

|                                   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| <b>Non-current</b>                |                                      |                                      |
| Lease liabilities (refer note 47) | 720.15                               | 532.33                               |
|                                   | <b>720.15</b>                        | <b>532.33</b>                        |
| <b>Current</b>                    |                                      |                                      |
| Lease liabilities (refer note 47) | 105.27                               | 71.73                                |
|                                   | <b>105.27</b>                        | <b>71.73</b>                         |

### 20. OTHER FINANCIAL LIABILITIES

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Non current</b>   |                                      |                                      |
| Security deposits  | 1.24                                 | 1.24                                 |
| <b>Total other financial liabilities - non current</b>             | <b>1.24</b>                          | <b>1.24</b>                          |
| <b>Current</b>   |                                      |                                      |
| Current maturities of long-term borrowings (refer note 18)         | 573.89                               | 409.06                               |
| Current maturities of deferred payment liabilities (refer note 18) | 20.64                                | 31.54                                |
| Interest accrued but not due on borrowings (refer note 18)         | 16.07                                | 12.91                                |
| Employee benefits payable  | 55.81                                | 95.80                                |
| Capital creditors  | 131.92                               | 98.83                                |
| Forward contract payables  | -                                    | 226.15                               |
| Other payables   | 30.46                                | 48.36                                |
| <b>Total other financial liabilities - current</b>                 | <b>828.79</b>                        | <b>922.65</b>                        |

### 21. PROVISIONS

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Non current</b>   |                                      |                                      |
| Provision for compensated absences                             | 73.58                                | 43.78                                |
| Provision for defined benefit plans (gratuity) (refer note 42) | 2.70                                 | 14.00                                |
| Provision for warranty   | 10.50                                | 9.00                                 |
| <b>Total provisions - non current</b>                          | <b>86.78</b>                         | <b>66.78</b>                         |
| <b>Current</b>   |                                      |                                      |
| Provision for defined benefit plans (gratuity) (refer note 42) | 26.29                                | 16.94                                |
| Provision for compensated absences                             | 27.66                                | 16.12                                |
| Provision for warranty   | 18.74                                | 18.00                                |
| <b>Total provisions - current</b>                              | <b>72.69</b>                         | <b>51.06</b>                         |

The reconciliation of the carrying amount of provision from beginning of the year to end of the year is provided below:

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Provision for warranty</b>                         |                                      |                                      |
| Opening balance                                       | 27.00                                | -                                    |
| Acquired through business combination (refer note 55) | -                                    | 45.00                                |
| Additions   | 12.03                                | 9.00                                 |
| Amounts utilised                                      | (9.79)                               | (27.00)                              |
| <b>Closing balance</b>                                | <b>29.24</b>                         | <b>27.00</b>                         |
| <b>Provision for compensated absences</b>             |                                      |                                      |
| Opening balance                                       | 42.90                                | 36.88                                |
| Acquired through business combination (refer note 55) | 16.90                                | 16.96                                |
| Additions   | 75.86                                | 32.19                                |
| Amounts utilised                                      | (34.42)                              | (26.13)                              |
| <b>Closing balance</b>                                | <b>101.24</b>                        | <b>59.90</b>                         |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 22. DEFERRED TAX LIABILITIES (NET)

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Deferred tax liabilities</b>   |                                      |                                      |
| Property, plant and equipment and intangible assets                       | 1,293.73                             | 1,094.43                             |
| R&D expense capitalised in books allowed as expenditure as per Income Tax | -                                    | 69.00                                |
| Inventories   | -                                    | -                                    |
| Foreign currency forward contracts  | 16.98                                | -                                    |
| Others  | 9.55                                 | 4.03                                 |
| <b>Total deferred tax liabilities</b>                                     | <b>1,320.26</b>                      | <b>1,167.46</b>                      |
| <b>Deferred tax assets</b>  |                                      |                                      |
| Expenditure allowed for tax purposes on payment basis                     | 39.68                                | 31.51                                |
| Foreign currency forward contracts  | -                                    | 31.00                                |
| Others  | 20.36                                | 28.24                                |
| <b>Total deferred tax assets</b>  | <b>60.04</b>                         | <b>90.75</b>                         |
| <b>Net deferred tax liabilities</b>                                       | <b>1,260.22</b>                      | <b>1,076.71</b>                      |

#### a) Movement in deferred tax assets/liabilities

|  | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|--|-----------------------------|-----------------------------|
| <b>Movement in deferred tax liabilities</b>  |                             |                             |
| <b>Property, plant and equipment and intangible assets</b>                           |                             |                             |
| Opening balance  | 1,094.43                    | 126.20                      |
| Acquired through business combination (refer note 55)                                | -                           | 1,027.94                    |
| Charged/(credited):  |                             |                             |
| - to profit or loss  | 199.30                      | (64.40)                     |
| - to directly in equity  | -                           | 4.69                        |
| Foreign currency translation adjustment  | -                           | -                           |
| Deferred tax asset directly attributable to asset held for sale (refer note 49)      | -                           | -                           |
| <b>Closing balance</b>   | <b>1,293.73</b>             | <b>1,094.43</b>             |
| <b>Provision for employee benefits obligation</b>                                    |                             |                             |
| Opening balance  | -                           | -                           |
| Acquired through business combination (refer note 55)                                | -                           | -                           |
| Charged/(credited):  |                             |                             |
| - to profit or loss  | -                           | -                           |
| - to other comprehensive income  | -                           | -                           |
| <b>Closing balance</b>   | <b>-</b>                    | <b>-</b>                    |
| <b>Foreign currency forward contracts</b>  |                             |                             |
| Opening balance  | (31.00)                     | -                           |
| Acquired through business combination (refer note 55)                                | -                           | (1.00)                      |
| Charged/(credited):  |                             |                             |
| - to profit or loss  | 47.98                       | (30.00)                     |
| <b>Closing balance</b>   | <b>16.98</b>                | <b>(31.00)</b>              |
| <b>R&amp;D expense capitalised in books allowed as expenditure as per Income Tax</b> |                             |                             |
| Opening balance  | 69.00                       | -                           |
| Acquired through business combination (refer note 55)                                | -                           | -                           |
| Charged/(credited):  |                             |                             |
| - to profit or loss  | (69.00)                     | 69.00                       |
| <b>Closing balance</b>   | <b>-</b>                    | <b>69.00</b>                |
| <b>Inventory</b>   |                             |                             |
| Opening balance  | -                           | -                           |
| Acquired through business combination (refer note 55)                                | -                           | 62.86                       |
| Charged/(credited):  |                             |                             |
| - to profit or loss  | -                           | (62.86)                     |
| <b>Closing balance</b>   | <b>-</b>                    | <b>-</b>                    |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

| Movement in deferred tax liabilities  | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|---|-----------------------------|-----------------------------|
| <b>Others</b>   |                             |                             |
| Opening balance   | (55.72)                     | (15.63)                     |
| Acquired through business combination (refer note 55)                           | -                           | (29.00)                     |
| Charged/(credited):   |                             |                             |
| - to profit or loss   | 4.01                        | (10.03)                     |
| - to other comprehensive income   | 1.22                        | 3.57                        |
| - directly in equity  | -                           | (4.63)                      |
| Foreign currency translation adjustment   | -                           | -                           |
| Deferred tax asset directly attributable to asset held for sale (refer note 49) | -                           | -                           |
| <b>Closing balance</b>  | <b>(50.49)</b>              | <b>(55.72)</b>              |
|   | <b>1,260.22</b>             | <b>1,076.71</b>             |

Deferred tax assets amounting to ₹ 82.62 million as at 31<sup>st</sup> March 2021 (31<sup>st</sup> March 2020: ₹ 77.84 million) on fair value adjustment recognised in respect of investments held in Sona Holding B.V. The Netherlands has not been recognised due to uncertainty regarding the allowability of such loss.

### 23. TRADE PAYABLES

|  | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|--|-----------------------------------|-----------------------------------|
| <b>Trade payables</b>  |                                   |                                   |
| - micro enterprises and small enterprises (refer to note 45) | 495.83                            | 166.99                            |
| - other than micro enterprises and small enterprises         | 1,745.26                          | 995.26                            |
| <b>Total Trade payables</b>                                  | <b>2,241.09</b>                   | <b>1,162.25</b>                   |

#### Note:

(i) Refer note 40 for balance payable to related parties

### 24. CURRENT LIABILITIES

|   | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|---|-----------------------------------|-----------------------------------|
| Statutory dues payable                                    | 79.11                             | 57.30                             |
| Advance from customers                                    | 91.66                             | 53.05                             |
| Liability to customer related to warranty case settlement | -                                 | -                                 |
| Others  | -                                 | -                                 |
| <b>Total current liabilities</b>                          | <b>170.77</b>                     | <b>110.35</b>                     |

### 25. CURRENT TAX LIABILITIES

|                                      | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Income tax liabilities (net)         | 170.29                            | 118.00                            |
| <b>Total current tax liabilities</b> | <b>170.29</b>                     | <b>118.00</b>                     |

### 26. REVENUE FROM OPERATIONS

|                                      | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--------------------------------------|--|--|
| Sale of goods                        | 14,889.34                                      | 10,030.10                                      |
| Service income                       | 4.75   | -  |
| <b>Other operating revenue</b>       |  |  |
| Scrap sales                          | 237.46   | 140.94   |
| Export incentive                     | 133.29   | 171.78   |
| Tooling income                       | 23.56  | -  |
| Liabilities written back             | -  | 18.00  |
| Foreign exchange gain (net)          | 357.34   | -  |
| Royalty income                       | 16.41  | 7.00   |
| Others                               | 0.85   | 12.00  |
| <b>Total revenue from operations</b> | <b>15,663.00</b>                               | <b>10,379.82</b>                               |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 27. OTHER INCOME

|   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| Interest income                                   | 21.96  | 19.91  |
| Profit on sale of investments at fair value (net) | -  | 18.00  |
| Other non- operating income                       | 1.45   | 19.92  |
| <b>Total other income</b>                         | <b>23.41</b>                                   | <b>57.83</b>                                   |

### 28. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

|   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| <b>Inventories at the beginning of the year</b> |  |  |
| <b>Continuing operations</b>                    |  |  |
| Work-in-progress                                | 163.30   | 149.68   |
| Finished goods                                  | 895.18   | 181.58   |
|   | <b>1,058.48</b>                                | <b>331.26</b>                                  |
| <b>Inventories at the end of the year</b>       |  |  |
| <b>Continuing operations</b>                    |  |  |
| Work-in-progress                                | 268.18   | 163.30   |
| Finished goods                                  | 1,431.98                                       | 895.18   |
|   | <b>1,700.16</b>                                | <b>1,058.48</b>                                |
| <b>Changes in inventories (A)</b>               | <b>(641.68)</b>                                | <b>(727.22)</b>                                |
| <b>Adjustment:</b>                              |  |  |
| <b>Acquisition of subsidiary</b>                |  |  |
| Work-in-progress                                | -  | 19.00  |
| Finished goods                                  | -  | 740.00   |
| <b>Total (B)</b>                                | <b>-</b>                                       | <b>759.00</b>                                  |
| <b>Total changes in Inventories (A+B)</b>       | <b>(641.68)</b>                                | <b>31.78</b>                                   |

### 29. EMPLOYEE BENEFITS EXPENSE

|   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| Salaries, wages and allowances                            | 1,217.36                                       | 863.76   |
| Contribution to provident and other funds (refer note 42) | 79.86  | 70.97  |
| Staff welfare expenses                                    | 131.90   | 92.57  |
| Share based payment to employees (refer note 53)          | 45.37  | -  |
| <b>Total employee benefits expense</b>                    | <b>1,474.49</b>                                | <b>1,027.30</b>                                |

### 30. FINANCE COSTS

|   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| Interest on loans                             | 213.06   | 177.35   |
| Other borrowing costs                         | 5.12   | 6.33   |
| Bank and other finance charges                | 16.59  | 23.40  |
| Interest on lease liabilities (refer note 47) | 73.37  | 42.67  |
| Interest expenses on others                   | 17.01  | 10.00  |
| <b>Total finance costs</b>                    | <b>325.15</b>                                  | <b>259.75</b>                                  |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 31. DEPRECIATION AND AMORTISATION EXPENSE

|  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| Depreciation of property, plant and equipment      | 555.25   | 404.59   |
| Amortisation of intangible assets                  | 344.44   | 221.45   |
| Amortisation of right-of-use assets                | 71.78  | 45.16  |
| Less: Transfer to capital work-in-progress         | (2.07)   | -  |
| <b>Total depreciation and amortisation expense</b> | <b>969.40</b>                                  | <b>671.20</b>                                  |

### 32. OTHER EXPENSES

|  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| Consumption of stores, spares and tool                     | 664.06   | 392.07   |
| Power and fuel   | 390.89   | 315.72   |
| Freight, clearing and forwarding charges                   | 287.02   | 165.46   |
| Packing material   | 198.47   | 99.41  |
| Sub contracting cost                                       | 592.81   | 483.76   |
| Rent (refer note 47)                                       | 21.15  | 18.63  |
| Repairs and maintenance - plant and machinery              | 248.90   | 163.86   |
| Repair and maintenance - buildings                         | 19.16  | 7.39   |
| Repair and maintenance - others                            | 121.58   | 78.69  |
| Manpower hiring on contract                                | 287.72   | 169.35   |
| Legal and professional charges                             | 152.43   | 208.03   |
| Rates and taxes  | 9.09   | 13.51  |
| Insurance  | 35.06  | 21.81  |
| Travelling, conveyance and vehicle expenses                | 90.53  | 96.79  |
| Communication and stationery expenses                      | 17.02  | 16.31  |
| Security charges   | 16.28  | 13.41  |
| Corporate social responsibility expense (refer note below) | 53.95  | 16.79  |
| Business promotion   | 9.14   | 13.04  |
| Sales commission   | -  | 5.00   |
| Foreign exchange loss (net)                                | -  | 126.56   |
| Bad debts written off                                      | 0.16   | -  |
| Advances written off                                       | 1.27   | -  |
| Provision for other receivables                            | 0.87   | -  |
| Directors sitting fees                                     | 27.01  | 19.74  |
| Loss on sale of fixed assets (net)                         | 2.92   | 5.25   |
| Miscellaneous expenses                                     | 77.76  | 23.09  |
| <b>Total other expenses</b>                                | <b>3,325.25</b>                                | <b>2,473.67</b>                                |

**Note:** Corporate Social Responsibility expenditure

|   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| <b>Gross amount required to be spent by the Group during the year as per Section 135 of the Act</b> | <b>53.95</b>                                   | <b>47.99</b>                                   |
| Amount spent during the year on:  |  |  |
| (i) Construction/acquisition of an asset  | -  | -  |
| (ii) On purposes other than (i) above   | 39.56  | 16.79  |
|   | <b>39.56</b>                                   | <b>16.79</b>                                   |
| <b>Amount yet to be spent (refer note 60)</b>   | <b>14.39</b>                                   | <b>31.20</b>                                   |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 33. EXCEPTIONAL ITEM

|   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| (Gain) on loss of control over a subsidiary company (refer note 49)           | -  | (2,368.22)                                     |
| Expenditure incurred for listing and offer for sale of shares (refer note 58) | 139.06   | -  |
|   | <b>139.06</b>                                  | <b>(2,368.22)</b>                              |

### 34. INCOME TAX EXPENSE

|                                 | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---------------------------------|--|--|
| Current tax                     | 666.02   | 365.05   |
| Deferred tax charge/(credit)    | 182.29   | (99.98)  |
| <b>Total Income Tax expense</b> | <b>848.31</b>                                  | <b>265.07</b>                                  |

**a) The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:**

|   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| <b>Profit before income tax expense</b>   | <b>2,999.96</b>                                | <b>3,917.94</b>                                |
| <b>Income tax as per statement of profit and loss</b>   | <b>848.31</b>                                  | <b>265.07</b>                                  |
| <b>Tax at the Indian tax rate of 25.167% (31<sup>st</sup> March 2020: 25.167%)</b>                      | <b>755.00</b>                                  | <b>986.03</b>                                  |
| Current tax related to previous years   | -  | 5.97   |
| Effect of non-deductible expenses   | 15.63  | 1.61   |
| Transaction cost of an equity transaction   | -  | 1.02   |
| Impact of gain on loss of control (non-taxable)   | -  | (584.03)                                       |
| Tax effect of write off of investment in respect of which deferred tax asset was not recognised earlier | -  | (102.60)                                       |
| Income taxable at a lower rate  | (29.28)  | -  |
| Difference in tax rate of subsidiary companies  | 75.28  | (2.80)   |
| Change in tax rate  | -  | (45.16)  |
| Others  | 31.68  | 5.03   |
| <b>Income tax expense (as per statement of profit and loss)</b>   | <b>848.31</b>                                  | <b>265.07</b>                                  |

The Taxation Laws (Amendment) Act, 2019 has amended the Income-tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to the Company to pay Income Tax at concessional rate of 22% plus applicable surcharge and cess, subject to certain specified conditions, as compared to the earlier rate of 30% plus applicable surcharge and cess for the assessment year 2020-21 onwards. The Indian entities within the Group have opted for the concessional tax rate during the year ended 31<sup>st</sup> March 2020 and accordingly remeasured deferred tax and current tax liability at such concessional rate.

### 35. RESEARCH AND DEVELOPMENT EXPENSES

|  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| Revenue expenditure charged to statement of profit and loss  | 137.38   | 69.91  |
| Capital expenditure (including certain revenue expenditure based on allocations made by the Group) | 777.65   | 224.22   |
| <b>Total Research expenses</b>   | <b>915.03</b>                                  | <b>294.13</b>                                  |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 36. FAIR VALUE MEASUREMENTS

#### a) Financial instruments by category

|                                    | As at 31 <sup>st</sup> March 2021 |          |                 | As at 31 <sup>st</sup> March 2020 |              |                 |
|------------------------------------|-----------------------------------|----------|-----------------|-----------------------------------|--------------|-----------------|
|                                    | FVTPL                             | FVOCI    | Amortised cost  | FVTPL                             | FVOCI        | Amortised cost  |
| <b>Financial assets</b>            |                                   |          |                 |                                   |              |                 |
| Loans                              | -                                 | -        | 72.84           | -                                 | -            | 55.71           |
| Trade receivables                  | -                                 | -        | 4,169.87        | -                                 | -            | 2,336.28        |
| Cash and bank balances             | -                                 | -        | 275.75          | -                                 | -            | 1,672.93        |
| Other financial assets             | -                                 | -        | 3.78            | -                                 | -            | 6.17            |
| Investments                        | -                                 | -        | -               | -                                 | 19.00        | -               |
| Derivative financial assets        | 147.87                            | -        | -               | -                                 | -            | -               |
| <b>Total financial assets</b>      | <b>147.87</b>                     | <b>-</b> | <b>4,522.24</b> | <b>-</b>                          | <b>19.00</b> | <b>4,071.09</b> |
| <b>Financial liabilities</b>       |                                   |          |                 |                                   |              |                 |
| Borrowings                         | -                                 | -        | 3,662.60        | -                                 | -            | 3,067.82        |
| Trade payables                     | -                                 | -        | 2,241.09        | -                                 | -            | 1,162.25        |
| Other financial liabilities        | -                                 | -        | 219.43          | -                                 | -            | 244.23          |
| Lease liabilities                  | -                                 | -        | 825.42          | -                                 | -            | 604.06          |
| Derivative financial liabilities   | -                                 | -        | -               | 226.15                            | -            | -               |
| <b>Total financial liabilities</b> | <b>-</b>                          | <b>-</b> | <b>6,948.54</b> | <b>226.15</b>                     | <b>-</b>     | <b>5,078.36</b> |

#### (b) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial investments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath.

#### i) Assets and liabilities measured at fair value - recurring fair value measurements

|   | Level 1  | Level 2       | Level 3      | Total         |
|---|----------|---------------|--------------|---------------|
| <b>As at 31<sup>st</sup> March 2021</b>                               |          |               |              |               |
| Foreign exchange forward contracts- asset                             | -        | 147.87        | -            | 147.87        |
| <b>Total financial assets</b>   | <b>-</b> | <b>147.87</b> | <b>-</b>     | <b>147.87</b> |
| <b>As at 31<sup>st</sup> March 2020</b>                               |          |               |              |               |
| Foreign exchange forward contracts- liabilities                       | -        | 226.15        | -            | 226.15        |
| <b>Total financial liabilities</b>                                    | <b>-</b> | <b>226.15</b> | <b>-</b>     | <b>226.15</b> |
| Investments measured at fair value through other comprehensive income | -        | -             | 19.00        | 19.00         |
| <b>Total financial assets</b>   | <b>-</b> | <b>-</b>      | <b>19.00</b> | <b>19.00</b>  |

The following table presents the changes in level 3 items for the year ended 31<sup>st</sup> March, 2021.

As at April, 2020 Loss recognised in other comprehensive income.

#### ii) Fair value of instruments measured at amortised cost

|                                    | Level   | As at 31 <sup>st</sup> March 2021 |                 | As at 31 <sup>st</sup> March 2020 |                 |
|------------------------------------|---------|-----------------------------------|-----------------|-----------------------------------|-----------------|
|                                    |         | Carrying value                    | Fair value      | Carrying value                    | Fair value      |
| <b>Financial assets</b>            |         |                                   |                 |                                   |                 |
| Trade receivables                  | Level 3 | 4,169.87                          | 4,169.87        | 2,336.28                          | 2,336.28        |
| Cash and bank balances             | Level 3 | 275.75                            | 275.75          | 1,672.93                          | 1,672.93        |
| Other financial assets             | Level 3 | 3.78                              | 3.78            | 6.17                              | 6.17            |
| Loans                              | Level 3 | 72.84                             | 73.60           | 55.71                             | 66.29           |
| <b>Total financial assets</b>      |         | <b>4,522.24</b>                   | <b>4,523.00</b> | <b>4,071.09</b>                   | <b>4,081.67</b> |
| <b>Financial liabilities</b>       |         |                                   |                 |                                   |                 |
| Borrowings                         | Level 3 | 3,662.60                          | 3,662.60        | 3,067.82                          | 3,067.82        |
| Lease liabilities                  | Level 3 | 825.42                            | 825.42          | 604.06                            | 604.06          |
| Trade payable                      | Level 3 | 2,241.09                          | 2,241.09        | 1,162.25                          | 1,162.25        |
| Other financial liability          | Level 3 | 235.49                            | 235.49          | 257.13                            | 257.13          |
| <b>Total financial liabilities</b> |         | <b>6,964.60</b>                   | <b>6,964.60</b> | <b>5,091.26</b>                   | <b>5,091.26</b> |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

There are no transfers amongst levels during the year.

Level 1: It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs other than Level 1 inputs; and

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

### 37. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to provide finance to the Group to support its operations. The Group's principal financial assets include loans, trade and other receivables; cash and bank balances etc. that derive directly from its operations.

The Group's activities expose it to the financial risk of market risk, credit risk and liquidity risk. The Group enters into a certain derivative financial instrument to manage its exposure to foreign currency. There have been no major changes to the Group's exposure to market risk or the manner in which it manages and measures the risk in recent past. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

#### (A) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument fails to discharge an obligation to the Group. The Group's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- Cash and cash equivalents
- Trade receivables
- Loans carried at amortised cost, and
- Other financial assets
- Derivative financial assets

#### (a) Credit Risk Management

##### (i) Credit risk rating

The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

- a) Low credit risk
- b) Moderate credit risk
- c) High credit risk

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

The Group provides for expected credit loss based on the following:

| Asset group          | Categorization of items   | Provision for expenses credit loss  |
|----------------------|---|---|
| Low credit risk      | Cash and cash balances, loans, other financial assets and derivative financial assets | 12 month expected credit loss/life time expected credit loss  |
| Moderate credit risk | Trade receivables   | Other financial assets-12 month expected credit loss, unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss. |
| High credit risk     | Other financial assets  | Other financial assets-lifetime expected credit loss (when there is a significant deterioration), or specific provision, whichever is higher.   |

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

### Financial assets that expose the entity to credit risk -

| Credit rating        | Particulars                 | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|----------------------|-----------------------------|-----------------------------------|-----------------------------------|
| Low credit risk      | Loans                       | 72.84                             | 55.71                             |
|                      | Cash and bank balances      | 275.75                            | 1,672.93                          |
|                      | Other financial assets      | 3.78                              | 6.17                              |
|                      | Derivative financial assets | 147.87                            | -                                 |
| Moderate credit risk | Trade receivables           | 4,169.87                          | 2,336.28                          |

### Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country. In respect of derivative assets, the credit risk is considered negligible as counterparties are banks.

### Trade receivables

To mitigate the credit risk related to trade receivables, the Group closely monitors the credit-worthiness of the trade receivables through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due.

### Other financial assets measured at amortized cost

Other financial assets measured at amortised cost includes security deposits, other receivables etc. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

## (b) Expected credit losses for financial assets (other than trade receivables)

### i) Financial assets (other than trade receivables)

Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

For cash & cash equivalents and other Bank balances - Since the Group deals with only High-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as low.

For loans comprising security deposits paid - Credit risk is considered low because the Group is in possession of the underlying asset.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

For other financial assets - Credit risk is evaluated based on Group knowledge of the Credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population. For such financial assets, the Group policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets.

### ii) Expected credit loss for trade receivables under simplified approach

The Group recognises lifetime expected credit losses on trade receivables using a simplified approach. In accordance with Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended 31<sup>st</sup> March 2021, and for the years ended 31<sup>st</sup> March 2020 is insignificant.

### Ageing of trade receivables is as follows:

|                                    | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|------------------------------------|-----------------------------|-----------------------------|
| Not due and due less than 6 months | 4,129.44                    | 2,333.48                    |
| Due more than 6 months             | 40.43                       | 2.80                        |
|                                    | <b>4,169.87</b>             | <b>2,336.28</b>             |

## (B) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and maintains adequate source of financing through the use of short term bank deposits, demand loans and cash credit facility. Processes and policies related to such risks are overseen by senior management.

### (i) Maturities of financial liabilities

The table below provides details regarding the contractual maturities of significant financial liabilities

#### Contractual maturities of financial liabilities: (undiscounted)

|                                   | Less than 1 year | 1 to 5 years    | More than 5 years | Total           |
|-----------------------------------|------------------|-----------------|-------------------|-----------------|
| <b>31<sup>st</sup> March 2021</b> |                  |                 |                   |                 |
| Borrowings                        | 2,355.74         | 2,129.88        | 88.58             | 4,574.20        |
| Trade payables                    | 2,241.09         | -               | -                 | 2,241.09        |
| Other financial liabilities       | 219.43           | -               | -                 | 219.43          |
| Lease liabilities                 | 105.27           | 447.68          | 911.61            | 1,464.55        |
| <b>Total</b>                      | <b>4,921.53</b>  | <b>2,577.56</b> | <b>1,000.19</b>   | <b>8,499.27</b> |

|                                   | Less than 1 year | 1 to 5 years    | More than 5 years | Total           |
|-----------------------------------|------------------|-----------------|-------------------|-----------------|
| <b>31<sup>st</sup> March 2020</b> |                  |                 |                   |                 |
| Borrowings                        | 1,454.52         | 2,000.22        | 99.07             | 3,553.81        |
| Trade payables                    | 1,162.25         | -               | -                 | 1,162.25        |
| Other financial liabilities       | 244.25           | -               | -                 | 244.25          |
| Derivative financial liabilities  | 226.15           | -               | -                 | 226.15          |
| Lease liabilities                 | 69.12            | 297.61          | 676.83            | 1,043.56        |
| <b>Total</b>                      | <b>3,156.29</b>  | <b>2,297.83</b> | <b>775.90</b>     | <b>6,230.02</b> |

### (ii) Undrawn borrowing facilities

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

|                                       | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|---------------------------------------|-----------------------------|-----------------------------|
| Expiring within one year (bank loans) | 670.99                      | 532.65                      |
| Expiring beyond one year (bank loans) | -                           | -                           |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### (C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits and foreign currency receivables and payables. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to risk of changes in borrowing rates. The Board continuously monitors the prevailing interest rates in the market.

#### Interest rate risk exposure

The exposure of the Group's borrowing to interest rate changes at the end of the reporting date are as follows:

| Particulars              | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|--------------------------|-----------------------------|-----------------------------|
| Variable rate borrowings | 3,634.40                    | 3,025.79                    |
| Fixed rate borrowings    | 28.20                       | 42.03                       |
| <b>Total borrowings</b>  | <b>3,662.60</b>             | <b>3,067.82</b>             |

#### Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

| Impact on profit after tax   | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|--|-----------------------------|-----------------------------|
| Interest rate (increase by 1.00% (31 <sup>st</sup> March 2020: 1.00%)* | 24.92                       | 16.33                       |
| Interest rate (decrease by 1.00% (31 <sup>st</sup> March 2020: 1.00%)* | (24.92)                     | (16.33)                     |

\* Holding other variables constant

#### (ii) Foreign currency risk

The Parent company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the trade receivables and payables. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹).

The Parent Company's exposure to foreign currency risk at the end of the reporting period expressed as follows:

| Foreign currency                    | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|-------------------------------------|-----------------------------|-----------------------------|
| <b>Trade receivables and others</b> |                             |                             |
| United States Dollar (USD)          | 43.67                       | 18.15                       |
| Euro (EUR)                          | 0.54                        | 0.44                        |
| RMB                                 | 8.49                        | 5.03                        |
| Others                              | 0.08                        | -                           |
| <b>Trade payables</b>               |                             |                             |
| United States Dollar (USD)          | 8.97                        | 1.58                        |
| Euro (EUR)                          | 0.30                        | 0.46                        |
| Japanese Yen (JPY)                  | 76.77                       | 38.72                       |
| Canadian Dollar (CAD)^              | 0.00                        | 0.00                        |
| Swiss Franc (CHF)                   | 0.01                        | 0.01                        |
| RMB                                 | 11.50                       | -                           |
| Others                              | 2.76                        | 0.05                        |

^Rounded off to Nil

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

| Indian Rupee (₹)                    | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|-------------------------------------|-----------------------------|-----------------------------|
| <b>Trade receivables and others</b> |                             |                             |
| United States Dollar (USD)          | 3,192.88                    | 1,373.82                    |
| Euro (EUR)                          | 46.49                       | 36.82                       |
| RMB                                 | 94.51                       | 53.25                       |
| Others                              | 0.65                        | -                           |
| <b>Trade payables</b>               |                             |                             |
| United States Dollar (USD)          | 655.47                      | 119.39                      |
| Euro (EUR)                          | 25.38                       | 37.60                       |
| Japanese Yen (JPY)                  | 50.76                       | 26.96                       |
| Canadian Dollar (CAD)^              | 0.15                        | 0.18                        |
| Swiss Franc (CHF)                   | 0.57                        | 0.80                        |
| RMB                                 | 128.11                      | -                           |
| Others                              | 18.54                       | 5.57                        |

^Rounded off to Nil

|  | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|--|-----------------------------|-----------------------------|
| Outstanding forward contracts as at the reporting date (Million USD) | 89.09                       | 78.65                       |
| Outstanding forward contracts as at the reporting date (₹)           | 7,242.86                    | 5,931.35                    |

#### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:

| Impact on profit after tax                                      | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| <b>Net currency receivables/(payables)</b>                      |  |  |
| USD sensitivity   |  |  |
| ₹/USD- increase by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | 18.99  | 9.39   |
| ₹/USD- decrease by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | (18.99)  | (9.39)   |
| EUR sensitivity   |  |  |
| ₹/EURO- increase by 1.00% (31 <sup>st</sup> March 2020: 1.00%)* | 0.16   | (0.02)   |
| ₹/EURO- decrease by 1.00% (31 <sup>st</sup> March 2020: 1.00%)* | (0.16)   | 0.02   |
| JPY sensitivity   |  |  |
| ₹/JPY- increase by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | (0.38)   | (0.20)   |
| ₹/JPY- decrease by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | 0.38   | 0.20   |
| RMB sensitivity   |  |  |
| ₹/RMB- increase by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | (1.26)   | 1.99   |
| ₹/RMB- decrease by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | 1.26   | (1.99)   |
| CAD sensitivity   |  |  |
| ₹/CAD- increase by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | (0.00)   | (0.00)   |
| ₹/CAD- decrease by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | 0.00   | 0.00   |
| CHF sensitivity   |  |  |
| ₹/CHF- increase by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | (0.00)   | (0.01)   |
| ₹/CHF- decrease by 1.00% (31 <sup>st</sup> March 2020: 1.00%)*  | 0.00   | 0.01   |

\*Holding other variables constant

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 38. CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using net debt to equity ratio, which is net debt (as reduced by cash and cash equivalent) divided by total equity.

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Long term borrowings including current maturities (refer note 18)          | 2,517.61                             | 2,221.73                             |
| Short term borrowings (refer note 18)                                      | 1,144.99                             | 846.09                               |
| Less: Cash and cash equivalents (refer note 14)                            | (249.48)                             | (1,049.85)                           |
| <b>Net debts *</b>   | <b>3,413.12</b>                      | <b>2,017.97</b>                      |
| Equity share capital (refer note 16)                                       | 5,729.80                             | 471.54                               |
| Instruments entirely equity in nature (refer note 16)                      | -                                    | 5.94                                 |
| Other equity (refer note 17)   | 7,309.21                             | 11,301.93                            |
| <b>Total equity (excluding compulsorily convertible preference shares)</b> | <b>13,039.00</b>                     | <b>11,779.41</b>                     |
| <b>Gearing ratio</b>   | <b>26.18%</b>                        | <b>17.13%</b>                        |

\* Excluding lease liabilities

|  | For the<br>year ended<br>31 <sup>st</sup> March 2021 | For the<br>year ended<br>31 <sup>st</sup> March 2020 |
|--|--|--|
| <b>Dividends</b>   |  |  |
| <b>Equity share</b>  |  |  |
| Interim dividend of ₹ 31.32 per each 27,718,376 equity share | 904.01   | 868.09   |
| Special dividend of ₹ 11.08 per each 9,024,687 equity share  | -  | 100.00   |
| Dividend distribution tax on dividends paid                  | -  | 198.99   |
|  | <b>904.01</b>  | <b>1,167.08</b>                                      |

### 39. SEGMENT INFORMATION

The Group's operating business is organised and managed according to a single primary reportable business segment namely "Automotive Components".

#### Information about geographical areas

The Group's revenues disaggregated by primary geographical markets as follows:

|                              | For the<br>year ended<br>31 <sup>st</sup> March 2021 | For the<br>year ended<br>31 <sup>st</sup> March 2020 |
|------------------------------|--|--|
| India                        | 5,247.20   | 4,312.86   |
| Outside India                | 9,642.14   | 5,717.24   |
| <b>Total</b>                 | <b>14,889.34</b>                                     | <b>10,030.10</b>                                     |
| <b>Revenue outside India</b> |  |  |
| North America                | 4,756.10   | 3,441.33   |
| Europe                       | 3,708.34   | 2,047.45   |
| China                        | 1,129.64   | 220.06   |
| Others                       | 48.06  | 8.40   |
|                              | <b>9,642.14</b>                                      | <b>5,717.24</b>                                      |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

|   | For the<br>period ended<br>31 <sup>st</sup> March 2021 | For the<br>period ended<br>31 <sup>st</sup> March 2020 |
|---|--|--|
| <b>Customers exceeding 10% of total revenue</b> |  |  |
| No of customers exceeding 10% of total revenue  | 3  | 2  |
| Total revenue of such customers (₹ million)     | 6,777.34   | 3,775.81   |

The Group's non-current assets (property, plant and equipment, right of use assets, capital work in progress, intangible assets and goodwill) are located into the following geographical regions:

|               | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---------------|--------------------------------------|--------------------------------------|
| India         | 11,685.15                            | 10,147.38                            |
| Outside India | 1,312.94                             | 1,400.74                             |
| <b>Total</b>  | <b>12,998.09</b>                     | <b>11,548.12</b>                     |

|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Carrying amount of non-current by location</b> |                                      |                                      |
| North America                                     | 868.48                               | 925.27                               |
| Others  | 444.46                               | 475.47                               |
|   | <b>1,312.94</b>                      | <b>1,400.74</b>                      |

### 40. RELATED PARTY DISCLOSURES

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related parties, related party relationships, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during the reported period are as follows:

#### (a) Names of related parties and nature of relationship

##### (i) Entity exercising control of Group

Singapore VII Topco III Pte Ltd. (with effect from 5<sup>th</sup> July 2019)

Sona Autocomp Holding Private Ltd. with ultimate control exercised by RK Family Trust (from 9<sup>th</sup> February 2018 till 4<sup>th</sup> July 2019)

##### (ii) Key Management Personnel

| Name                       | Designation   |
|----------------------------|---|
| Mr. Sunjay Kapur           | Managing Director (till 4 <sup>th</sup> July 2019)  |
| Mr. Vadapalli Vikram Verma | Executive Director (till 4 <sup>th</sup> July 2019)   |
|                            | Chief Executive Officer of Parent Company   |
| Mr. Vivek Vikram Singh     | President (Finance) & Group COO (till 4 <sup>th</sup> July 2019)  |
|                            | Managing Director & Group CEO (with effect from 5 <sup>th</sup> July 2019)  |
| Mr. Rohit Nanda            | Group Chief Financial Officer (with effect from 11 <sup>th</sup> April 2019)  |
| Mr. Raajesh Kumar Gupta    | Vice President (Legal) & Company Secretary (till 29 <sup>th</sup> February 2020)  |
| Mr. Ajay Pratap Singh      | Vice President (Legal) & Company Secretary (with effect from 24 <sup>th</sup> February 2020)  |
| Mr. Tanay Gupta            | CEO- Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V. (with effect from 5 <sup>th</sup> July 2019)                     |
| Mr. Hariprasath K          | Company Secretary - Comstar Automotive Technologies Private Limited (with effect from 5 <sup>th</sup> July 2019)                    |
| Mr. Sat Mohan Gupta        | Chief Executive Officer and Director - Comstar Automotive Technologies Private Limited (with effect from 5 <sup>th</sup> July 2019) |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

| Name                              | Designation  |
|-----------------------------------|--|
| <b>Non-Executive Directors</b>    |  |
| Mrs. Rani Kapur                   | Chairperson (till 22 <sup>nd</sup> August 2019)  |
| Mr. Sunjay Kapur                  | Non-Executive Chairman (with effect from 5 <sup>th</sup> July 2019)                      |
| Mr. Juergen Klaus Theodor Ziegler | Director (till 4 <sup>th</sup> July 2019)  |
| Mrs. Bhaswati Mukherjee           | Director (till 20 <sup>th</sup> August 2019)   |
| Mr. Prasan Abhaykumar Firodia     | Director (with effect from 5 <sup>th</sup> July 2019 till 26 <sup>th</sup> January 2020) |
|                                   | Independent director (with effect from 27 <sup>th</sup> January 2021)                    |
| Mr. Subbu Venkata Rama Behara     | Independent director (with effect from 5 <sup>th</sup> July 2019)                        |
| Mrs. Pallavi Joshi Bakhru         | Independent director (till 2 <sup>nd</sup> May 2020)                                     |
| Mr. Siddharth Pradip Kothari      | Director (till 10 <sup>th</sup> July 2019)   |
| Mr. Amit Dixit                    | Director (with effect from 5 <sup>th</sup> July 2019)                                    |
| Mr. Amit Jain                     | Director (with effect from 5 <sup>th</sup> July 2019)                                    |
| Mr. Neeraj Mohan                  | Director (with effect from 5 <sup>th</sup> July 2019)                                    |
| Mr. Ganesh Mani                   | Director (with effect from 5 <sup>th</sup> July 2019)                                    |
| Mrs Shradha Suri                  | Independent director (with effect from 5 <sup>th</sup> August 2020)                      |
| Mr. Jeffrey Mark Overly           | Independent Director (with effect from 12 <sup>th</sup> February 2021)                   |

### (iii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year

|   |
|---|
| Sona Management Services Limited  |
| Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited) |
| Sona Charitable Trust   |
| SKAP Forging Private Limited  |

### (iv) The entity having substantial interest in the Group

|  |
|--|
| JM Financial Trustee Company Private Limited (till 4 <sup>th</sup> July 2019)      |
| Sona Autocomp Holding Private Limited (with effect from 5 <sup>th</sup> July 2019) |

### (v) Ultimate holding Company

|                      |
|----------------------|
| BCP Topco I Pte Ltd. |
|----------------------|

## (b) Transactions with related parties :

### (i) Individual/entity exercising control

| Transactions   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--|--|--|
| <b>Reimbursement of expenses</b>   |  |  |
| Sona Autocomp Holding Private Limited  | -  | 0.80   |
| <b>Dividend paid</b>   |  |  |
| Singapore VII Topco III pte Ltd.   | 599.18   | -  |
| <b>Director sitting fee</b>  |  |  |
| Mrs. Rani Kapur  | -  | 0.17   |
| <b>Purchase of shares of Comstar Automotive Technologies Private Limited</b> |  |  |
| Singapore VII Topco III Pte Ltd. (refer note 55)                             | -  | 8,293.31                                       |
| <b>Purchase of shares of Comstar Automotive Hongkong Limited</b>             |  |  |
| Singapore VII Topco III Pte Ltd. (refer note 55)                             | -  | 227.27   |
| <b>Sale of shares of Sona Holding B.V. The Netherlands</b>                   |  |  |
| Sona Autocomp Holding Private Limited (refer note 49)                        | -  | 1,399.50                                       |
| <b>Loan received</b>   |  |  |
| Sona Autocomp Holding Private Limited  | -  | 500.00   |
| <b>Loan repaid</b>   |  |  |
| Sona Autocomp Holding Private Limited  | -  | 500.00   |
| <b>Interest on loan paid</b>   |  |  |
| Sona Autocomp Holding Private Limited  | -  | 33.05  |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### (ii) Entity having substantial interest in the Group

| Transactions  | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| <b>Dividend paid</b>  |  |  |
| Sona Autocomp Holding Private Limited                               | 304.84   | -  |
| <b>Relinquishment of right of put option</b> (refer note 49 and 52) |  |  |
| Sona Autocomp Holding Private Limited                               | 19.00  | -  |

### (iii) Key Management Personnel \*

| Transactions                   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|--------------------------------|--|--|
| <b>Managerial remuneration</b> |  |  |
| Mr. Sunjay Kapur               | -  | 9.70   |
| Mr. Vivek Vikram Singh         | 31.70  | 27.60  |
| Mr. Vadapalli Vikram Verma     | 28.39  | 19.44  |
| Mr. Rohit Nanda                | 26.13  | 18.48  |
| Mr. Raajesh Kumar Gupta        | 1.30   | 10.07  |
| Mr. Ajay Pratap Singh          | 6.74   | 0.52   |
| Mr. Sat Mohan Gupta            | 24.41  | 15.67  |
| Mr. Hariprasath K              | 1.31   | 1.56   |
| Mr. Tanay Gupta                | 1.59   | 1.07   |
| <b>Director Sitting Fee</b>    |  |  |
| Non-Executive Director         | 3.60   | 1.95   |
| <b>Commission</b>              |  |  |
| Non-Executive Director         | 27.71  | 17.74  |

### (iv) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year/previous year

| Transactions                      | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|-----------------------------------|--|--|
| <b>Sale of goods</b>              |  |  |
| Mandira Marketing Private Limited | 0.14   | 2.53   |
| Sona Management Services Limited  | -  | 3.48   |
| <b>Purchase of goods</b>          |  |  |
| Sona Management Services Limited  | -  | 0.16   |
| <b>Sales of scrap</b>             |  |  |
| Mandira Marketing Private Limited | -  | 0.02   |
| <b>Services received</b>          |  |  |
| SKAP Forging Private Limited      | -  | 3.16   |
| <b>CSR payment</b>                |  |  |
| Sona Charitable Trust             | -  | 1.00   |

### \*Break- up of Key management personnel remuneration

| Transactions                 | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|------------------------------|--|--|
| Short-term employee benefits | 121.58   | 104.11   |

\*Including provident fund, leave encashment and any other benefit.

\*Share based payment to Key Managerial Personnel for the period ended 31<sup>st</sup> March 2021 is ₹ 29.11 million (refer note 53)

\*Gratuity and leave encashment amounts accrued attributable to key management personnel cannot be separately determined and hence not included in transactions above.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### (c) Details of balances with related parties at year end

#### (i) Key Management Personnel

| Balances as at year end                  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Payables</b>                          |                                      |                                      |
| Mr. Sunjay Kapur                         | -                                    | -                                    |
| Mr. Vivek Vikram Singh                   | -                                    | 3.03                                 |
| Mr. Rohit Nanda                          | -                                    | 1.47                                 |
| Mr. Vikram Verma Vedapalli               | -                                    | 2.40                                 |
| Mr. Jeffrey Mark Overly                  | 0.53                                 | -                                    |
| <b>Total payables to related parties</b> | <b>0.53</b>                          | <b>6.90</b>                          |

#### (ii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year

| Balances as at year end                            | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Payables</b>                                    |                                      |                                      |
| Sona Management Services Limited                   | -                                    | 0.18                                 |
| <b>Total payables to related parties</b>           | <b>-</b>                             | <b>0.18</b>                          |
| <b>Receivables</b>                                 |                                      |                                      |
| Mandira Marketing Private Limited-Trade receivable | -                                    | 1.69                                 |
| <b>Total receivables from related parties</b>      | <b>-</b>                             | <b>1.69</b>                          |

#### (iii) Entity having substantial interest in the Group

| Balances as at year end                                       | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Receivables</b>  |                                      |                                      |
| Sona Autocomp Holding Private Limited- Other financial assets | -                                    | 0.30                                 |

#### Terms and conditions

All the transactions were made on normal commercial terms and conditions and at market rates except as disclosed in note 52. All outstanding balances are unsecured and settled in cash.

## 41. EARNINGS PER SHARE

|   | 31 <sup>st</sup> March 2021 | 31 <sup>st</sup> March 2020 |
|---|-----------------------------|-----------------------------|
| Total profit attributable to the equity holders of the Group used for basic and diluted earnings per share (A)                                | 2,151.65                    | 3,652.86                    |
| Total number of equity shares at the beginning of the year  | 47,153,944                  | 27,718,376                  |
| Buyback of shares   | -                           | (2,592,935)                 |
| Issue of shares   | -                           | 22,028,503                  |
| Conversion of compulsory convertible preference shares into equity shares   | 594,436                     | -                           |
| Bonus shares issued during the year   | 525,232,180                 | -                           |
| Original number of compulsory convertible preference shares   | -                           | 594,436                     |
| Total number of equity shares at the end of the year  | <b>572,980,560</b>          | <b>47,748,380</b>           |
| Effect of exercise of share options (refer note 53)   | 192,634                     | -                           |
| Total number of equity shares (including options) at the end of the year  | <b>573,173,194</b>          | <b>47,748,380</b>           |
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share                                      | 572,980,560                 | 42,549,335                  |
| Impact of bonus issue in previous year  | -                           | 468,042,685                 |
| <b>Weighted average number of equity shares used as the denominator in calculating basic earnings per share (B)</b>                           | <b>572,980,560</b>          | <b>510,592,020</b>          |
| Effect of exercise of share options   | 192,634                     | -                           |
| <b>Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (C)</b>                         | <b>573,173,194</b>          | <b>510,592,020</b>          |
| <b>Nominal Value per share (in ₹)</b>   | <b>10.00</b>                | <b>10.00</b>                |
| (a) Basic earnings per share (in ₹)   | 3.76                        | 7.15                        |
| (b) Diluted earnings per share (in ₹)   | 3.75                        | 7.15                        |
| Earning per share (both basic and diluted) has been restated for both the years presented on account of issue of bonus shares (refer note 16) |                             |                             |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

## 42. EMPLOYEE BENEFITS

### A Defined contribution plans:

|  | For the<br>year ended<br>31 <sup>st</sup> March 2021 | For the<br>year ended<br>31 <sup>st</sup> March 2020 |
|--|--|--|
| a) Provident fund                        | 60.08  | 41.54  |
| b) Super annuation fund                  | -  | 7.91   |
| c) Employees state insurance corporation | 0.40   | 0.76   |
| d) Punjab/Haryana labour welfare fund    | 0.22   | 0.22   |
| e) National Pension Scheme               | 7.47   | 2.48   |
|  | <b>68.18</b>   | <b>52.90</b>   |

### B Defined benefit plans:

#### (i) Gratuity

The Parent Company operates post retirement defined benefit plan for retirement gratuity, which is funded. The Parent Company through the gratuity trust has taken group gratuity policy of Life Insurance Corporation of India Gratuity Scheme.

Details of changes and obligation under the defined benefit plan is given as below:-

#### I Expense recognised in the statement of profit and loss

|  | For the<br>year ended<br>31 <sup>st</sup> March 2021 | For the<br>year ended<br>31 <sup>st</sup> March 2020 |
|--|--|--|
| (i) Current service cost                                   | 19.54  | 16.39  |
| (ii) Past service cost                                     | 3.46   | -  |
| (iii) Interest cost  | 6.62   | 10.76  |
| (iv) Expected return on plan assets                        | (4.97)   | (9.09)   |
| Net expense recognised in the statement of profit and loss | <b>24.65</b>   | <b>18.06</b>   |

#### II Remeasurement (gain)/loss recognised in other comprehensive income

|  | For the<br>year ended<br>31 <sup>st</sup> March 2021 | For the<br>year ended<br>31 <sup>st</sup> March 2020 |
|--|--|--|
| (i) Actuarial changes arising from changes in demographic assumptions  | 0.38   | (3.99)   |
| (ii) Actuarial changes arising from changes in financial assumptions   | (9.76)   | (3.37)   |
| (iii) Actuarial changes arising from changes in experience adjustments | 4.68   | (4.74)   |
| (iv) Return on plan assets greater than discount rate                  | (0.16)   | (0.18)   |
| Net expense recognised in other comprehensive income                   | <b>(4.86)</b>  | <b>(12.28)</b>                                       |

#### III Changes in obligation

|  | For the<br>year ended<br>31 <sup>st</sup> March 2021 | For the<br>year ended<br>31 <sup>st</sup> March 2020 |
|--|--|--|
| (i) Opening balance                                      | 194.85   | 82.17  |
| (ii) Acquired through business combination               | -  | 103.00   |
| (iii) Current service cost                               | 19.54  | 16.39  |
| (iv) Past service cost                                   | 3.46   | -  |
| (v) Interest cost  | 11.15  | 10.76  |
| (vi) Benefit payments directly by employer               | (2.80)   | (0.27)   |
| (vii) Transfer of employees from erstwhile related party | -  | -  |
| (viii) Actuarial (gain)/loss                             | (4.70)   | (11.10)  |
| (ix) Benefit payments from plan assets                   | (1.78)   | (7.41)   |
| Present value of obligation as at year end               | <b>219.72</b>  | <b>193.54</b>  |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### IV Changes in plan assets

|   | For the year ended<br>31 <sup>st</sup> March 2021 | For the year ended<br>31 <sup>st</sup> March 2020 |
|---|---|---|
| (i) Fair value of plan assets as at the beginning of the period | 164.49  | 80.74   |
| (ii) Acquired through business combination                      | -   | 71.00   |
| (iii) Interest income   | 10.53   | 9.09  |
| (iv) Actuarial gain/(loss)                                      | -   | -   |
| (v) Contributions by employer                                   | 21.03   | 9.00  |
| (vi) Benefit payments from plan assets                          | (4.58)  | (7.41)  |
| (vii) Transfer of employees from erstwhile related party        | -   | -   |
| (viii) Actuarial gain/(loss) on plan assets                     | 0.16  | 0.18  |
| <b>Fair value of plan assets</b>                                | <b>191.62</b>                                     | <b>162.60</b>                                     |

### V Net assets / liabilities

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| (i) Present value of obligation at the end of the year | 219.73                               | 193.54                               |
| (ii) Fair value of plan assets at the end of the year  | 191.62                               | 162.60                               |
| (iii) Net liabilities recognised in the balance sheet  |                                      |                                      |
| - Non current  | 1.83                                 | 14.00                                |
| - Current  | 26.28                                | 16.94                                |

### VI Experience adjustment

|  | For the year ended<br>31 <sup>st</sup> March 2021 | For the year ended<br>31 <sup>st</sup> March 2020 |
|--|---|---|
| Experience adjustment loss on plan liabilities | 6.37  | (4.74)  |

### VII Investment details

The Parent Company has invested in gratuity funds which is administered through Life Insurance Corporation of India. The detail of investment maintained by Life Insurance Corporation are not made available to the Parent Company and have therefore not been disclosed.

### VIII Principal actuarial assumptions

|   | For the year ended<br>31 <sup>st</sup> March 2021 | For the year ended<br>31 <sup>st</sup> March 2020 |
|---|---|---|
| Discount rate (per annum)                     | 6.00%-6.40%                                       | 6%  |
| Expected return on plan assets (per annum)    | 5.90%   | 6%  |
| Expected increase in salary costs (per annum) | 7.00% - 8.00%                                     | 8%  |
| Attrition rate                                | 9.10% - 15.00%                                    | 15%   |
| Mortality                                     | IALM 2012-14<br>Ultimate                          | IALM 2012-14<br>Ultimate                          |
| Retirement age                                | 58 years  | 58 years  |

### IX Quantitative sensitivity analysis for significant assumptions is as below:

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

|   | Impact on defined benefit obligation |                                      |
|---|--------------------------------------|--------------------------------------|
|   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
| Delta effect +1% change in rate of discounting        | 210.83                               | 187.10                               |
| Delta effect of -1% change in rate of discounting     | 231.23                               | 205.10                               |
| Delta effect of +1% change in rate of salary increase | 220.44                               | 204.59                               |
| Delta effect of -1% change in rate of salary increase | 221.45                               | 187.41                               |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### X Maturity profile of defined benefit obligation (undiscounted)

| Particulars  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Within the next 12 months (next annual reporting period) | 26.63                                | 22.11                                |
| Between 2 and 5 years                                    | 94.62                                | 83.43                                |
| Between 6 and 10 years                                   | 89.25                                | 193.65                               |

XI The average duration of the defined benefit plan obligation at the end of the reporting period is 6.28 - 9 years (31<sup>st</sup> March 2020: 6.29 - 9.1 years).

XII The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary. The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

### 43. CONTINGENT LIABILITIES

|  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| a) Claims against the Company not acknowledged as debts  |                                      |                                      |
| i) Service tax   |                                      |                                      |
| Cases pending before Appellate authorities in respect of which the Parent Company has filed appeals/show cause notices. (FY 2005-06 to 2007-08)                              | 0.47                                 | 0.47                                 |
| ii) Income Tax *   |                                      |                                      |
| Cases pending before Appellate Authorities in respect of which the Parent Company has filed appeal (AY-2013-14)  | 2.12                                 | 2.12                                 |
| Cases pending before Appellate Authorities in respect of which the Parent Company has filed appeal (AY-2012-13)  | 3.18                                 | 3.18                                 |
| Cases pending before Appellate Authorities in respect of which the Parent Company has filed appeal (AY-2011-12)  | 4.21                                 | 4.21                                 |
| Cases pending before ITAT in respect of which the Company has filed appeal (AY-2016-17)  | 2.00                                 |                                      |
| Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)**   | 70.78                                | 64.93                                |
| Cases pending before CIT in respect of which the Company has filed appeal (AY-2018-19)***  | 3.73                                 | -                                    |
| iii) Central Excise Act, 1944  |                                      |                                      |
| Case pending before Directorate General of Goods And Service Tax Intelligence in respect of which the Group has filed appeals/show cause notices. (FY 2014-15 to FY 2017-18) | 14.85                                | 14.85                                |

\*Amount paid under protest of ₹ 24.48 million (31<sup>st</sup> March 2020: ₹ 23.71 million)

\*\* Total disputed amount of the case is ₹ 79.40 million (including interest liability) out of which ₹ 8.63 million (including interest liability) has been provided as a provision and balance amount of ₹ 70.78 million (including interest liability) is being disclosed as a contingent liability.

\*\*\* One of the subsidiary company of the Group has received an assessment order on 2<sup>nd</sup> April 2021 under section 143(3) for the Assessment Year 2018-19 by disallowing: (i) the deduction claimed under section 35(2AB) of Income Tax Act 1961 (the Act) amounting to ₹ 307.24 million whereas the amount of allowance in Form 3CL amounting to ₹ 266.23 million therefore excess claim of ₹ 41.01 millions. Out of the said excess claim of ₹ 41.01 millions the assessing officer has admitted an amount of ₹ 27.34 million as revenue expenditure under section 35(2AB) which otherwise the Company is eligible to claim the same under section 37 of the Act. Therefore the net disallowance amounting to ₹ 13.67 million (ii) provision for warranty amounting to ₹ 9.00 million was disallowed on the grounds that the same is disallowed during the Assessment Years 2016-17 and 2017-18. Considering the above said disallowances, the assessing officer has raised a demand of ₹ 3.73 million under section 156 of the Act. The company intends to file an appeal with the Commissioner of Income Tax-Appeals. Based on professional advice, the Company strongly believes that the case will be decided in their favour and hence no provision has been considered.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

- b) There are labour cases pending before High Court and Labour Commissioner/Officer. The Parent Company has been legally advised that the cases filed by the employees are not sustainable in law and accordingly no provision has been made therefor. Moreover no monetary claim was filed or is pending.
- c) Duty paid and related export obligation status with respect to EPCG licenses which is six times of the duty saved, obtained by the Company are as under:

| Particulars                           | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Export obligation pending (₹ million) | 2,903.78                             | 1,290.94                             |

### 44. COMMITMENTS

#### (a) Capital commitments

| Particulars  | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|--|--------------------------------------|--------------------------------------|
| Estimated amount of contracts to be executed on capital account not provided for (net of advances) | 1,543.48                             | 1,154.22                             |
|  | <b>1,543.48</b>                      | <b>1,154.22</b>                      |

### 45. DUES TO MICRO AND SMALL ENTERPRISE

| Particulars   | As at<br>31 <sup>st</sup> March 2021 | As at<br>31 <sup>st</sup> March 2020 |
|---|--------------------------------------|--------------------------------------|
| Principal amount due to suppliers registered under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED) and remaining unpaid as at year end   | 491.99                               | 164.10                               |
| the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;   | -                                    | -                                    |
| the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;   | -                                    | -                                    |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year   | -                                    | -                                    |
| the amount of interest accrued and remaining unpaid at the end of each accounting year;   | 3.84                                 | 2.89                                 |
| the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23. | 3.84                                 | 2.89                                 |

### 46. ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTION FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AS PER SCHEDULE III OF COMPANIES ACT 2013:

#### 31<sup>st</sup> March 2021

| Name of entity   | Net assets i.e. total assets minus total liabilities |                    | Share in profit and (loss)        |                    | Share in other comprehensive income               |                    | Share in total comprehensive income               |                    |
|--|--|--------------------|-----------------------------------|--------------------|---|--------------------|---|--------------------|
|  | As a % of consolidated net assets                    | Amount (₹ million) | As a % of consolidated net profit | Amount (₹ million) | As a % of consolidated other comprehensive income | Amount (₹ million) | As a % of consolidated total comprehensive income | Amount (₹ million) |
| <b>Holding Company</b>                                 |  |                    |                                   |                    |   |                    |   |                    |
| Sona BLW Precision Forgings Limited                    | 94.30%   | 12,296.10          | 87.39%                            | 1,880.42           | 155.79%   | (19.38)            | 87.00%  | 1,861.04           |
| <b>Subsidiaries- India</b>                             |  |                    |                                   |                    |   |                    |   |                    |
| Comstar Automotive Technologies Private Limited        | 33.00%   | 4,302.22           | 59.03%                            | 1,270.21           | 31.45%  | (3.91)             | 59.19%  | 1,266.29           |
| Comstar Automotive Technology Services Private Limited | 0.28%  | 36.82              | 0.59%                             | 12.78              | -0.88%  | 0.11               | 0.60%   | 12.88              |
| Sona Comstar eDrive Private Limited                    | 0.00%  | 0.10               | 0.00%                             | -                  | 0.00%   | -                  | 0.00%   | -                  |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

| Name of entity   | Net assets i.e. total assets minus total liabilities |                    | Share in profit and (loss)        |                    | Share in other comprehensive income               |                    | Share in total comprehensive income               |                    |
|--|--|--------------------|-----------------------------------|--------------------|---|--------------------|---|--------------------|
|  | As a % of consolidated net assets                    | Amount (₹ million) | As a % of consolidated net profit | Amount (₹ million) | As a % of consolidated other comprehensive income | Amount (₹ million) | As a % of consolidated total comprehensive income | Amount (₹ million) |
| <b>Subsidiaries- Foreign</b>                                   |  |                    |                                   |                    |   |                    |   |                    |
| Comstar Automotive USA LLC                                     | 8.96%  | 1,168.85           | 12.86%                            | 276.76             | 250.59%   | (31.17)            | 11.48%  | 245.59             |
| Comstar Automotive Hongkong Limited                            | -0.52%   | (68.00)            | 0.46%                             | 10.00              | 86.88%  | (10.81)            | -0.04%  | (0.81)             |
| Comestel Automotive Technologies Mexicana Ltd                  | 0.47%  | 61.00              | -0.23%                            | (5.00)             | 64.35%  | (8.01)             | -0.61%  | (13.01)            |
| Comstar Automotive (Hangzhou) Co., Ltd                         | -0.71%   | (92.00)            | 1.30%                             | 28.00              | 16.73%  | (2.08)             | 1.21%   | 25.92              |
| Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V | 0.02%  | 2.00               | 0.09%                             | 2.00               | -3.86%  | 0.48               | 0.12%   | 2.48               |
| Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V   | -0.64%   | (83.00)            | -0.79%                            | (17.00)            | -1.16%  | 0.14               | -0.79%  | (16.86)            |
| Comstar Hong Kong Mexico No. 1, LLC                            | 0.00%  | -                  | 0.00%                             | -                  | 0.00%   | -                  | 0.00%   | -                  |
| Consolidation adjustments                                      | -35.16%  | (4,585.08)         | -60.72%                           | (1,306.51)         | -499.90%  | 62.19              | -58.17%   | (1,244.32)         |
| <b>Total</b>   | <b>100%</b>  | <b>13,039.01</b>   | <b>100%</b>                       | <b>2,151.65</b>    | <b>100%</b>                                       | <b>(12.44)</b>     | <b>100%</b>                                       | <b>2,139.21</b>    |

#### 31<sup>st</sup> March 2020

| Name of entity  | Net assets i.e. total assets minus total liabilities |                    | Share in profit and (loss)        |                    | Share in other comprehensive income               |                    | Share in total comprehensive income               |                    |
|---|--|--------------------|-----------------------------------|--------------------|---|--------------------|---|--------------------|
|   | As a % of consolidated net assets                    | Amount (₹ million) | As a % of consolidated net profit | Amount (₹ million) | As a % of consolidated other comprehensive income | Amount (₹ million) | As a % of consolidated total comprehensive income | Amount (₹ million) |
| <b>Holding Company</b>  |  |                    |                                   |                    |   |                    |   |                    |
| Sona BLW Precision Forgings Limited   | 96.05%   | 11,314.56          | 23.02%                            | 840.78             | 107.33%   | (307.57)           | 15.84%  | 533.21             |
| <b>Subsidiaries- India</b>  |  |                    |                                   |                    |   |                    |   |                    |
| Comstar Automotive Technologies Private Limited (with effect from 5 <sup>th</sup> July 2019)                | 26.23%   | 3,090.00           | 17.33%                            | 633.00             | -2.44%  | 7.00               | 19.01%  | 640.00             |
| Comstar Automotive Technology Services Private Limited (with effect from 5 <sup>th</sup> July 2019)         | 0.20%  | 24.00              | 0.25%                             | 9.00               | 0.00%   | -                  | 0.27%   | 9.00               |
| <b>Subsidiaries- Foreign</b>  |  |                    |                                   |                    |   |                    |   |                    |
| <b>Comstar Automotive Hongkong Limited (with effect from 5<sup>th</sup> July 2019)</b>                      | 0.58%  | 68.00              | 0.27%                             | 10.00              | 3.14%   | (9.00)             | 0.03%   | 1.00               |
| Comstar Automotive USA LLC (with effect from 5 <sup>th</sup> July 2019)                                     | 7.82%  | 921.00             | 6.10%                             | 223.00             | 0.00%   | -                  | 6.62%   | 223.00             |
| Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V (with effect from 5 <sup>th</sup> July 2019) | -0.02%   | (2.00)             | 0.03%                             | 1.00               | -0.35%  | 1.00               | 0.06%   | 2.00               |
| Comstar Automotive (Hangzhou) Co., Ltd (with effect from 5 <sup>th</sup> July 2019)                         | 0.78%  | 92.00              | -0.38%                            | (14.00)            | 0.00%   | -                  | -0.42%  | (14.00)            |
| Comstar Hong Kong Mexico No. 1, LLC (with effect from 5 <sup>th</sup> July 2019)                            | 0.00%  | -                  | 0.00%                             | -                  | 0.00%   | -                  | 0.00%   | -                  |
| Comestel Automotive Technologies Mexicana Ltd (with effect from 5 <sup>th</sup> July 2019)                  | -0.52%   | (61.00)            | 0.41%                             | 15.00              | 4.19%   | (12.00)            | 0.09%   | 3.00               |
| Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V (with effect from 5 <sup>th</sup> July 2019)   | 0.70%  | 83.00              | 0.57%                             | 21.00              | 1.40%   | (4.00)             | 0.51%   | 17.00              |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

| Name of entity   | Net assets i.e. total assets minus total liabilities |                    | Share in profit and (loss)        |                    | Share in other comprehensive income               |                    | Share in total comprehensive income               |                    |
|--|--|--------------------|-----------------------------------|--------------------|---|--------------------|---|--------------------|
|  | As a % of consolidated net assets                    | Amount (₹ million) | As a % of consolidated net profit | Amount (₹ million) | As a % of consolidated other comprehensive income | Amount (₹ million) | As a % of consolidated total comprehensive income | Amount (₹ million) |
| Sona Holding B.V. The Netherlands (till 4 <sup>th</sup> July 2019)     | 0.00%  | -                  | 0.00%                             | -                  | 0.00%   | -                  | 0.00%   | -                  |
| Sona Autocomp Germany GmbH, Germany (till 4 <sup>th</sup> July 2019)   | 0.00%  | -                  | 0.00%                             | -                  | 0.00%   | -                  | 0.00%   | -                  |
| Sona Autocomp USAL LLC, USA (till 4 <sup>th</sup> July 2019)           | 0.00%  | -                  | 0.00%                             | -                  | 0.00%   | -                  | 0.00%   | -                  |
| Sona BLW Prazisionsschmiede GmbH (till 4 <sup>th</sup> July 2019)      | 0.00%  | -                  | 0.00%                             | -                  | 0.00%   | -                  | 0.00%   | -                  |
| Sona BLW Precision Forging Inc, USA (till 4 <sup>th</sup> July 2019)   | 0.00%  | -                  | 0.00%                             | -                  | 0.00%   | -                  | 0.00%   | -                  |
| Sona BLW Kft, Hungary (till 4 <sup>th</sup> July 2019)                 | 0.00%  | -                  | 0.00%                             | -                  | 0.00%   | -                  | 0.00%   | -                  |
| Sona BLW Driveline LLC (till 4 <sup>th</sup> July 2019)                | 0.00%  | -                  | 0.00%                             | -                  | 0.00%   | -                  | 0.00%   | -                  |
| Sona BLW-Hilfe GmbH, München, Germany (till 4 <sup>th</sup> July 2019) | 0.00%  | -                  | 0.00%                             | -                  | 0.00%   | -                  | 0.00%   | -                  |
| Consolidation adjustments  | -31.84%  | (3,750.15)         | 52.40%                            | 1,914.08           | -13.26%   | 38.00              | 57.99%  | 1,952.08           |
| <b>Total</b>   | <b>100%</b>  | <b>11,779.41</b>   | <b>100%</b>                       | <b>3,652.86</b>    | <b>100%</b>                                       | <b>(286.57)</b>    | <b>100%</b>                                       | <b>3,366.29</b>    |

### 47. LEASES

- i) The Group has entered into lease arrangements for land, building and plant and machinery that are renewable on a periodic basis with approval of both lessor and lessee.
- ii) The Group does not have any lease commitments towards variable rent as per the contract.
- iii) Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over land and building the Group must keep those properties in a good state of repair and return the properties in their original condition, except for normal wear and tear, at the end of the lease. Further, the Group shall insure items owned by it and incur maintenance fees on such items in accordance with the lease contracts.
- iv) Lease liabilities are presented in the statement of financial position as follows:

|             | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|-------------|-----------------------------------|-----------------------------------|
| Current     | 105.27                            | 71.73                             |
| Non-current | 720.15                            | 532.33                            |
|             | <b>825.42</b>                     | <b>604.06</b>                     |

### v) Future minimum lease payments are as follows:

| Particulars                | As at 31 <sup>st</sup> March 2021 |                 |                    |
|----------------------------|-----------------------------------|-----------------|--------------------|
|                            | Lease payments                    | Finance charges | Net present values |
| Minimum lease payments due |                                   |                 |                    |
| Within 1 year              | 105.27                            | 75.96           | 29.08              |
| 1-5 years                  | 458.11                            | 232.91          | 224.91             |
| More than 5 years          | 911.13                            | 339.69          | 571.43             |
|                            | <b>1,474.51</b>                   | <b>648.55</b>   | <b>825.42</b>      |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

| Particulars                | As at 31 <sup>st</sup> March 2020 |                 |                    |
|----------------------------|-----------------------------------|-----------------|--------------------|
|                            | Lease payments                    | Finance charges | Net present values |
| Minimum lease payments due |                                   |                 |                    |
| Within 1 year              | 78.62                             | 6.76            | 71.86              |
| 1-5 years                  | 352.61                            | 92.39           | 260.22             |
| More than 5 years          | 668.21                            | 396.23          | 271.98             |
|                            | <b>1,099.44</b>                   | <b>495.38</b>   | <b>604.06</b>      |

### vi) The following are amounts recognized in profit or loss:

| Particulars   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| Depreciation expense of right-of-use assets   | 71.78  | 45.16  |
| Interest expense on lease liabilities   | 73.37  | 42.67  |
| Rent expense (relating to short term leases on which lease liability is not recognised) | 21.15  | 18.63  |
| <b>Total</b>  | <b>166.30</b>                                  | <b>106.46</b>                                  |

### vii) Total cash outflow pertaining to leases

| Particulars   | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|---|--|--|
| Total cash outflow pertaining to leases during the year ended | 112.49   | 75.51  |

The Group determines the leases term as either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Group will extend the term, or a lease period in which it is reasonably certain that the Group will not exercise the right to terminate. The lease term is reassessed if there is a significant change in circumstances.

### 48. REVENUE FROM CONTRACTS WITH CUSTOMERS

#### (a) Disaggregation of revenue

The Group has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

| Revenue from operations             | For the year ended 31 <sup>st</sup> March 2021 | For the year ended 31 <sup>st</sup> March 2020 |
|-------------------------------------|--|--|
| <b>Revenue by geography</b>         |  |  |
| Domestic                            | 5,247.20                                       | 4,312.86                                       |
| Export                              | 9,642.14                                       | 5,717.24                                       |
| <b>Total</b>                        | <b>14,889.34</b>                               | <b>10,030.10</b>                               |
| <b>Revenue (timing)</b>             |  |  |
| Revenue recognised at point in time | 14,889.34                                      | 10,030.10                                      |
| <b>Total</b>                        | <b>14,889.34</b>                               | <b>10,030.10</b>                               |

#### (b) Liabilities related to contracts with customers

| Particulars                                     | As at 31 <sup>st</sup> March 2021 | As at 31 <sup>st</sup> March 2020 |
|---|-----------------------------------|-----------------------------------|
| Opening balance                                 | 53.05                             | 43.69                             |
| Income recognised from advance                  | (23.52)                           | (10.20)                           |
| Advance received from customers during the year | 62.13                             | 19.56                             |
| <b>Advance from customers</b>                   | <b>91.66</b>                      | <b>53.05</b>                      |

#### (c) Reconciliation of revenue recognized in Statement of Profit and Loss with Contract price

There are insignificant discounts offered by the Group to its customers for the period ended 31<sup>st</sup> March 2021 ₹ 1.26 million (31 march 2020: ₹ 3.19 million).

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 49. LOSS OF CONTROL OVER SONA HOLDING B.V. THE NETHERLANDS (“SONA BV”)

The Parent Company had executed an agreement dated 16<sup>th</sup> October 2018 to sell 81% stake in its wholly owned subsidiary, Sona Holding B.V. Netherlands (Sona BV), to Sona Autocomp Private Limited, for a sale consideration of ₹ 1,399.48 million. Accordingly, in the consolidated financial statements for the year ended 31<sup>st</sup> March 2019, the consolidated assets and liabilities of Sona BV were presented as “Assets of disposal group classified as held for sale” and “Liabilities of disposal group classified as held for sale”, respectively and the consolidated profit of Sona BV was presented as “Discontinued Operations” for the year ended 31<sup>st</sup> March 2019 and 31<sup>st</sup> March 2018, in accordance with the requirement of Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations. Sona BV alongwith its subsidiaries and step down subsidiaries as stated below, have historically been consolidated into the Parent Company -

- SONA AutoComp Germany GmbH, München, Germany
- SONA BLW Präzisionsschmiede GmbH, München, Germany
- PHT Beteiligungs GmbH and Co. KG, München, Germany
- SONA AutoComp USA LLC, Wilmington, Delaware, USA
- SONA BLW-Hilfe GmbH, München, Germany
- SONA BLW Hungary Ltd., Budapest, Hungary
- SONA BLW Driveline LLC, Troy, Michigan, USA

Assets and liabilities of disposal group classified as held for sale

The following asset and liabilities are reclassified as held for sale in relation to the discontinued operation as at 31<sup>st</sup> March 2019

|                                      | As at<br>31 <sup>st</sup> March 2019 |
|--------------------------------------|--------------------------------------|
| Property, plant and equipment        | 2,895.29                             |
| Capital work-in-progress             | 48.16                                |
| Intangible Asset                     | 1,550.43                             |
| Financial assets - Loans             | 280.96                               |
| Other non-current assets             | 380.88                               |
| Deferred tax asset (net)             | 275.47                               |
| <b>Total non-current assets</b>      | <b>5,431.19</b>                      |
| <b>Current assets</b>                |                                      |
| Inventories                          | 2,103.30                             |
| Financial assets                     |                                      |
| i. Trade receivables                 | 1,256.25                             |
| ii. Cash and cash equivalents        | 388.36                               |
| iii. Loans                           | 112.46                               |
| iv. Other Financial assets           | 4.83                                 |
| Income tax assets (net)              | 9.79                                 |
| Other current assets                 | 410.60                               |
| <b>Total current assets</b>          | <b>4,285.59</b>                      |
| <b>Total asset held for sale (A)</b> | <b>9,716.78</b>                      |
| <b>Non-current liabilities</b>       |                                      |
| Financial liabilities                |                                      |
| i) Borrowings                        | 941.51                               |
| Provisions                           | 4,624.00                             |
| <b>Total non-current liabilities</b> | <b>5,565.51</b>                      |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

|   | As at<br>31 <sup>st</sup> March 2019 |
|---|--------------------------------------|
| <b>Current liabilities</b>  |                                      |
| Financial liabilities   |                                      |
| i. Borrowings   | 126.68                               |
| ii. Trade payables  | 2,450.98                             |
| iii. Other financial liabilities                                      | 898.11                               |
| Other current liabilities   | 152.90                               |
| Provisions  | 889.04                               |
| Current tax liabilities (net)   | 443.45                               |
| <b>Total current liabilities</b>                                      | <b>4,961.16</b>                      |
| <b>Total liabilities directly linked with asset held for sale (B)</b> | <b>10,526.67</b>                     |
| <b>Net liabilities (B-A)</b>  | <b>809.89</b>                        |
| <b>Assets pledged as security for borrowings</b>                      |                                      |
| <b>Non-current</b>  |                                      |
| Non financial assets  | 2,833.48                             |

### Financial performance and Cash flow Information

The financial performance and cash flow information are presented for the year ended 31<sup>st</sup> March 2019

|   | For the year<br>ended<br>31 <sup>st</sup> March 2019 |
|---|--|
| <b>Income</b>   |  |
| Revenue from operations   | 20,263.47  |
| Other income  | 3,519.99   |
| <b>Total income</b>   | <b>23,783.46</b>                                     |
| <b>Expenses</b>   |  |
| Cost of materials consumed  | 8,966.36   |
| Changes in inventories of finished goods and work-in-progress     | (90.27)  |
| Employee benefits expense   | 8,934.66   |
| Finance costs   | 254.40   |
| Depreciation and amortisation expense                             | 539.73   |
| Other expenses  | 4,081.42   |
| <b>Total expenses</b>   | <b>22,686.30</b>                                     |
| <b>Profit before tax</b>  | <b>1,097.16</b>                                      |
| <b>Tax expense</b>  |  |
| - Current tax   | 448.79   |
| - Tax related to previous years                                   | (7.60)   |
| - Current deferred tax charge                                     | (54.71)  |
| <b>Total tax expense</b>  | <b>386.48</b>  |
| <b>Profit/(loss) for the year from discontinued operation</b>     | <b>710.68</b>  |
| <b>Other comprehensive income</b>                                 |  |
| Items that will be reclassified to profit or loss:                |  |
| Exchange differences on translation of foreign operations         | 21.83  |
| Items that will not be reclassified to profit or loss:            |  |
| Remeasurements of defined benefit obligations                     | (13.61)  |
| <b>Other comprehensive income/(loss) for the year, net of tax</b> | <b>8.22</b>  |
| <b>Total comprehensive income for the year</b>                    | <b>718.90</b>  |
| <b>Cash Flow Information for asset held for sale</b>              |  |
| Net cash flow (used in)/generated from operating activities       | (652.26)   |
| Net cash generated/(used in) investing activities                 | 3,674.77   |
| Net cash flow (used in)/generated from financing activities       | (2,877.46)   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>       | <b>145.05</b>  |
| Cash and cash equivalents at the beginning of the year            | 243.31   |
| <b>Cash and cash equivalents at the end of the year</b>           | <b>388.36</b>  |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### Gain on loss of control

On 4<sup>th</sup> July 2019, the Parent Company completed the aforementioned transaction and accordingly, with effect from that date, Sona Holding B.V. Netherlands ceased to be Company's subsidiary. The sale of investment by the Company to SAHPL was carried out at a total consideration of ₹ 1,399.48 million as per the valuation report obtained from an independent expert. As per the aforementioned agreement, the Company has a put option to sell all the securities (19%) held in Sona Holding B.V., The Netherlands, by the Company along with its subsidiaries to SAHPL.

| Computation for gain on loss of control over subsidiary company (refer note below)                     | For the year ended<br>31 <sup>st</sup> March 2020 |                 |
|--|---|-----------------|
| Cash consideration   | 1,399.48  |                 |
| Less: Cash and cash equivalent   | 388.36  |                 |
| Net cash received  | 1,011.12  | 1,011.12        |
| Net liabilities directly linked with asset held for sale (excluding cash and cash equivalent)          |   | 1,198.25        |
| Fair value of investment retained at the date when control is lost                                     |   | 328.28          |
| Carrying amount of non-controlling interests in the former subsidiary at the date when control is lost |   | 24.23           |
| FCTR released to statement of profit and loss  |   | (193.66)        |
| <b>Profit on disposal of subsidiary</b>  |   | <b>2,368.22</b> |

Subsequent to the completion of the said transaction, due to their ongoing financial difficulties, two of Sona BV's German subsidiaries (Sona Autocomp Germany GmbH, Subsidiary and SONA BLW Präzisionsschmiede GmbH, Step down subsidiary) filed for insolvency proceedings in self-administration on 28<sup>th</sup> January 2020. On 1<sup>st</sup> April 2020, Local Court of Wuppertal passed order for opening of insolvency proceedings in self-administration and appointed a custodian for the same. Further, due to subsequent lockdowns and business slowdown caused by spread of COVID-19 pandemic, the self-administration order was terminated and an insolvency administrator was appointed on 29<sup>th</sup> June 2020 by the Local Court. Businesses of the aforementioned two German subsidiaries have subsequently been sold by the insolvency administrator to a third party with economic effect from 1<sup>st</sup> October 2020. Owing to the insolvency proceedings and acquisition of the businesses by a third party, despite the best efforts of the management of the Company, substantiated by multiple communications over electronic mail, it has not been able to obtain audited consolidated financial statements of Sona BV for the period 1<sup>st</sup> April 2019 to 4<sup>th</sup> July 2019. Accordingly, these consolidated financial statements have been prepared without consolidating the financial statements of Sona BV (along with its subsidiaries and step down subsidiaries) for the period it remained a subsidiary of the Parent Company i.e. 1<sup>st</sup> April 2019 to 4<sup>th</sup> July 2019 as required under Ind AS 110, Consolidated Financial Statements. Further, as a result, the disclosures made pursuant to the requirements of Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, presented under Note 49 do not include the financial information pertaining to aforesaid discontinued operations for the period from 1<sup>st</sup> April 2019 to 4<sup>th</sup> July 2020.

Had the Parent Company been able to obtain the consolidated financial statements of Sona Holding B.V. Netherlands for the period 1<sup>st</sup> April 2019 to 4<sup>th</sup> July 2019, the consolidated profit or loss of Sona Holding B.V. The Netherlands ("Sona BV") for the said period would have been presented as "Profit or Loss from Discontinued Operations" in the consolidated statement of profit and loss of the Parent Company for the year ended 31<sup>st</sup> March 2020, and there would have been a corresponding impact on "Gain on loss of control" included in "Exceptional item" of the Group for the year ended 31<sup>st</sup> March 2020.

The Parent Company has till date not been able to arrange the consolidated financial statements of Sona BV for the aforementioned period and accordingly, the modification in the auditors report dated 29<sup>th</sup> December 2020, could not be adjusted in these consolidated financial statements for the year ended 31<sup>st</sup> March 2020.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

However, the non-consolidation of the financial statements of Sona BV for the period 1<sup>st</sup> April 2019 to 4<sup>th</sup> July 2019 does not have any effect on the consolidated profit of the Group for the year ended 31<sup>st</sup> March 2020 and its equity attributable to the owners as on that date. Similarly, the said non-consolidation does not have any effect on the consolidated profit of the Group or any of the balances for periods subsequent to 31<sup>st</sup> March 2020.

Basis above, the statutory auditors issued a qualified audit opinion on the consolidated financial statements for the year ended 31<sup>st</sup> March 2020.

### 50. WRITE OFF OF THE INVESTMENT IN SUBSIDIARY

The Parent Company had made a provision of impairment in value of investment in Sona Holding B.V. Netherlands amounting to Euro 6.90 million (equivalent to approx. ₹ 407.65 million) in its audited financial statements for the year ended 31<sup>st</sup> March 2016 as "Exceptional item" on account of bankruptcy application filed by Sona BLW Precision Forge Inc., USA, a step down subsidiary. After the consent of Board of Directors to write off the investment in Sona Holding B.V. Netherlands, Parent Company had filed an application to Reserve Bank of India through State Bank of India (i.e. authorized dealer) to obtain the approval on write off of the partial equity investment in Sona Holding B.V. Netherlands amounting to Euros 6.90 million. On 28<sup>th</sup> June 2019, Parent Company has received NOC for writing off equity investment of Euro 6.90 million vide RBI Letter (reference no. FE.CO.OID./7659/19.19.832/2018-19) and thereafter Parent Company has written off investment of ₹ 407.65 million in books of accounts.

### 51. PROPOSED MERGER WITH COMSTAR AUTOMOTIVE TECHNOLOGIES PRIVATE LIMITED

The Parent Company had filed a Scheme of Amalgamation under sections 230 to 232 of the Companies Act, 2013, read with the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016 before the NCLT Chandigarh (the "Scheme") on 10<sup>th</sup> January 2020. Pursuant to the Scheme, Comstar Automotive Technologies Private Limited is proposed to merge with the Parent Company from 5<sup>th</sup> July 2019, being the appointed date. The Scheme was approved by Board on 20<sup>th</sup> December 2019. The rationale for the proposed merger is for consolidation and simplification of existing structure and more focussed operational efforts, realising synergies in terms of compliance, governance, administration and costs, among other things. The first motion order was passed on 22<sup>nd</sup> December 2020 dispensing with the requirement to convene the meeting of the equity shareholders, preference shareholder, secured creditors and unsecured creditors of both Companies. The Second motion petition has been filed on 27<sup>th</sup> December 2020. The Scheme is pending approval by the NCLT and is subject to receipt of requisite approvals and third party consents

### 52. RELINQUISHMENT OF RIGHT

In the board meeting on 12 Feb 2021 the board has approved waiver of the right to sell 19% shares in Sona Holding B.V. (put option) to Sona Autocomp at a pre-agreed consideration of ₹ 19 million and a waiver of the right to buy 81% shares in Sona Holding B.V. (call option) from Sona Autocomp at a pre-agreed formula based price defined in ESA. The decision was made taking cognizance of the situation that Sona Holding B.V., The Netherlands now has no business operations left in any of its subsidiaries. Put option waiver was approved as a transaction not at arm's length whereas waiver of call option was approved as a transaction at arm's length. Accordingly, the carrying value for 19% investment in Sona B.V. of ₹ 19 million as on 31<sup>st</sup> March 2020, has been taken as ₹ Nil as at 31<sup>st</sup> March 2021 and the resultant fair value loss has been booked under other comprehensive income.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 53. SHARE BASED PAYMENTS

Sona BLW Precision Forgings Limited Employee Stock Option Plan ('Sona BLW ESOP Plan') was approved by the Board of Directors and the shareholders of the Sona BLW Precision Forgings Limited (the Company) on 30<sup>th</sup> September 2020. The plan entitles employees of the Company and Comstar Automotive Technologies Private Limited (CATPL) (together referred as 'Group') to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Group is given below:

| Particulars                                       | Sona BLW Precision Forgings Limited Employee Stock Option Plan   |
|---|--|
| Exercise Price                                    | ₹ 38.34  |
| Grant date  | 1 <sup>st</sup> October 2020   |
| Vesting schedule                                  | 1,087,740 options 12 months after the grant date ('First vesting')<br>1,087,740 options 24 months after the grant date ('Second vesting')<br>1,087,740 options 36 months after the grant date ('Third vesting')  |
| Exercise period                                   | Stock options can be exercised within a period of 3 years from vesting date.   |
| Number of share options granted (refer note 16 A) | 3263220<br>The maximum number of shares that can be granted under the ESOP Plan shall be 3,281,124 (Thirty two lakhs eight one thousand one hundred twenty four) shares out of which 3,263,220 (Thirty two lakhs sixty three thousand two hundred twenty) options were granted to the employees. |
| Method of settlement                              | Equity   |

Stock options will be settled by issue of equity shares of the Company. As per the plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 38.34 per option which against the fair market value of ₹ 79.17 per share determined on the date of grant, i.e. 1<sup>st</sup> October 2020.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. The total expense recognised in the statements of profit and loss for the year ended 31<sup>st</sup> March 2021 was ₹ 45.37 million. The following principal assumptions were used in the valuation: Expected volatility was determined by comparison with peer companies, as the Company's shares are not presently publicly traded. The expected option life and average expected period to exercise, is assumed to be equal to the contractual maturity of the option. Dividend yield is taken as 1.6% based on the the expected dividend payout by the management. The risk-free rate is the rate associated with a risk-free security with the same maturity as the option. At each balance sheet date, the Group reviewed its estimates of the number of options that are expected to vest. The Group recognizes the impact of the revision to original estimates, if any, in the profit or loss in consolidated statement of comprehensive income, with a corresponding adjustment to 'retained earnings' in equity. The fair value of option using Black Scholes model and the inputs used for the valuation for options that have been granted during the reporting period are summarized as follows:

| Particulars  | First vesting                | Second vesting               | Third vesting                |
|--|------------------------------|------------------------------|------------------------------|
| Grant date   | 1 <sup>st</sup> October 2020 | 1 <sup>st</sup> October 2020 | 1 <sup>st</sup> October 2020 |
| Vesting date   | 1 <sup>st</sup> October 2021 | 1 <sup>st</sup> October 2022 | 1 <sup>st</sup> October 2023 |
| Expiry date  | 1 <sup>st</sup> October 2024 | 1 <sup>st</sup> October 2025 | 1 <sup>st</sup> October 2026 |
| Fair value of option at grant date using Black Scholes model | 44.38                        | 46.28                        | 47.72                        |
| Exercise price   | 38.34                        | 38.34                        | 38.34                        |
| Expected volatility of returns                               | 46.19%                       | 46.63%                       | 46.51%                       |
| Term to expiry   | 2.5 years                    | 3.5 years                    | 4.5 years                    |
| Expected dividend yield                                      | 1.60%                        | 1.60%                        | 1.60%                        |
| Risk free interest rate                                      | 4.64%                        | 5.04%                        | 5.23%                        |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

During the year ended 31<sup>st</sup> March 2021, the Board of Directors of the Parent Company has approved the issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each. Accordingly number of options has been increased to twelve times of original options and fair value and exercise price of options has been reduced to one twelfth from previous values.

The total outstanding and exercisable share options and weighted average exercise prices for the various categories of option holders during the reporting periods are as follows:

| Particulars  | Details  |
|--|--|
| Options outstanding at the beginning of the period   | Nil  |
| Options vested   | Nil  |
| Options exercised  | Nil  |
| Options forfeited/ lapsed/ cancelled   | Nil  |
| Options outstanding (including vested and unvested options)  | Unvested: 3,263,220  |
| Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (only for vested options) | Nil  |
| Variation in terms of options  | Per ESOP scheme  |
| Money realised by exercise of options (in ₹ million)   | Nil  |
| Options outstanding at the period end  | 3,263,220  |
| Options exercisable at the period end  | Nil  |
| Total number of options in force (excluding options not granted)   | 3,263,220  |
| Weighted average remaining contractual life of outstanding options (in years)  | 4.75   |
| Method used for accounting of share-based payment plans  | The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Sona BLW ESOP Plan. The employee compensation cost as per fair value method for the year ended 31 <sup>st</sup> March 2021 is ₹ 45.37 million. |

Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan

Each Option entitles the holder thereof to apply for and be allotted one Ordinary Shares of the Company upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of three years from grant date

Employee wise details of options granted to

|   |  |
|---|--|
| (i) Key Managerial Personnel  | Mr. Vivek Vikram Singh<br>Mr. Rohit Nanda<br>Mr. Ajay Pratap Singh<br>Mr. Kiran Manohar Deshmukh<br>Mr. Vikram Verma Vadaapalli<br>Mr. Sat Mohan Gupta<br>Share based payment to Key Managerial Personnel for the year ended 31 March, 2021 is ₹ 29.11 million |
| (ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year  | None   |
| (iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant | No options were granted to any identified employees during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant.   |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 54. BUSINESS COMBINATIONS

Pursuant to terms of the Comstar Share Purchase Agreement and the approval of the Board of Directors and the shareholders in their meetings held on 5<sup>th</sup> July 2019, the Holding Company had acquired 100% equity shares (representing 100% voting interest) of Comstar Automotive Technologies Pvt. Ltd. (Comstar India) and Comstar Automotive Hong Kong Limited (Comstar HK) (together referred as "Comstar entities"), from Singapore VII Topco III Pte. Ltd., Singapore, as per details given below for expanding its product portfolio and capabilities to develop and integrate the powertrain and the drivetrain components.

| Name of the Company                             | Consideration (USD in million) | Consideration (₹ in million) |
|---|--------------------------------|------------------------------|
| Comstar Automotive Technologies Private Limited | 120.69                         | 8,290.00                     |
| Comstar Automotive Hong Kong Limited            | 3.31                           | 227.00                       |

The Company allocated purchase price in accordance with Ind AS 103 on business combinations. The fair value of net assets acquired was determined based on an appraisal of such net assets determined by an external expert on behalf of the management.

| Particulars                             | Comstar Automotive Technologies Private Limited | Comstar Automotive Hong Kong Limited |
|---|---|--------------------------------------|
| Cash paid                               | 8,355.53  | 229.45                               |
| Less: transaction cost incurred         | (65.53)   | (2.45)                               |
| <b>Total purchase consideration (A)</b> | <b>8,290.00</b>                                 | <b>227.00</b>                        |
| Cash and cash equivalents acquired      | 192.00  | 107.00                               |
| <b>Net cash outflow</b>                 | <b>8,098.00</b>                                 | <b>120.00</b>                        |

| ASSETS                                 | As at 5 <sup>th</sup> July 2019 | As at 5 <sup>th</sup> July 2019 |
|--|---------------------------------|---------------------------------|
| <b>Non-current assets</b>              |                                 |                                 |
| Property, plant and equipment          | 579.00                          | 95.00                           |
| Capital work-in-progress               | 44.00                           | 2.00                            |
| Right-of-use assets                    | 634.59                          | 49.00                           |
| Other intangible assets (refer note a) | 3,773.00                        | 249.00                          |
| Intangible assets under development    | 160.00                          | -                               |
| Financial assets:                      |                                 |                                 |
| (i) Other financial assets             | 8.00                            | -                               |
| Income tax assets (net)                | 220.00                          | -                               |
| Other non-current assets               | 48.00                           | -                               |
| <b>Total non-current assets</b>        | <b>5,466.59</b>                 | <b>395.00</b>                   |
| <b>Current assets</b>                  |                                 |                                 |
| Inventories                            | 1,307.00                        | 159.00                          |
| Financial assets                       |                                 |                                 |
| Investments                            | 59.00                           | -                               |
| (i) Trade receivables                  | 1,087.00                        | 111.00                          |
| (ii) Cash and cash equivalents         | 192.00                          | 107.00                          |
| (iii) Loans                            | 368.00                          | -                               |
| (iv) Other financial assets            | 45.38                           | 2.00                            |
| Other current assets                   | 200.74                          | 91.01                           |
| <b>Total current assets</b>            | <b>3,259.12</b>                 | <b>470.01</b>                   |
| <b>Total assets</b>                    | <b>8,725.71</b>                 | <b>865.01</b>                   |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

| LIABILITIES  |                 |               |
|--|-----------------|---------------|
| <b>Non-current liabilities</b>   |                 |               |
| Financial liabilities  |                 |               |
| (i) Lease liabilities  | 12.00           | 49.00         |
| Provisions   | 34.00           | -             |
| Deferred tax liabilities (net) (refer note a)  | 1,015.01        | 45.79         |
| <b>Total non-current liabilities</b>   | <b>1,061.01</b> | <b>94.79</b>  |
| <b>Current liabilities</b>   |                 |               |
| Financial liabilities  |                 |               |
| (i) Borrowings   | 200.00          | 383.00        |
| (ii) Trade payables  |                 |               |
| - Total outstanding dues of micro enterprises and small enterprises                      | 165.00          | -             |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 505.00          | 237.00        |
| (iii) Lease liabilities  | 3.00            | -             |
| (iv) Other financial liabilities   | 47.00           | -             |
| Other current liabilities  | 65.00           | 3.00          |
| Provisions   | 67.00           | 1.00          |
| <b>Total current liabilities</b>   | <b>1,052.00</b> | <b>624.00</b> |
| <b>Total liabilities</b>   | <b>2,113.01</b> | <b>718.79</b> |
| <b>Net assets acquired (B)</b>   | <b>6,612.70</b> | <b>146.22</b> |
| <b>Goodwill including assembled workforce (A-B)</b>                                      | <b>1,677.30</b> | <b>80.79</b>  |

### Note:

- a) Customer relationships amounting to ₹ 3,760.00 million pertaining to Comstar Automotive Technologies Private Limited and ₹ 249.00 million pertaining to Comstar Automotive Hong Kong Limited has been identified as a part of purchase price allocation. Further, deferred tax liability on customer relationship amounting to ₹ 961.60 million (Comstar Automotive Technologies Private Limited) and ₹ 44.34 million (Comstar Automotive Hong Kong Limited) is also recognized.
- b) Goodwill including assembled workforce amounting to ₹ 1,758.09 million is on account of acquisition of Comstar Automotive Technologies Private Limited and Comstar Automotive Hong Kong Limited on 5<sup>th</sup> July 2019.

The results of these subsidiaries, after elimination of inter company transactions and balances, as included in the consolidated statement of profit and loss for the period 5<sup>th</sup> July 2019 to 31<sup>st</sup> March 2020 are given below:

|                            | For the period 5 <sup>th</sup> July 2019 to 31 <sup>st</sup> March 2020 |                                      |
|----------------------------|---|--------------------------------------|
|                            | Comstar Automotive Technologies Private Limited                         | Comstar Automotive Hong Kong Limited |
| Total Revenue              | 4,165.00  | 828.00                               |
| Total Expenses             | 3,551.23  | 876.55                               |
| Profit before tax          | 644.77  | (31.55)                              |
| Tax                        | 167.03  | 2.36                                 |
| Profit after tax           | 477.74  | (33.91)                              |
| Total comprehensive income | 562.74  | (97.91)                              |

Had the business combination been consummated on 1 April, 2019, the revenue and profit after tax would have changed as follows:

|  | Comstar Automotive Technologies Private Limited | Comstar Automotive Hong Kong Limited |
|--|---|--------------------------------------|
| Revenue Increase                       | 1,684.00  | 137.00                               |
| Profit after tax (Increase/(Decrease)) | 357.91  | (12.27)                              |

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 55. FOREIGN DIRECT INVESTMENT MADE BY SINGAPORE VII TOPCO III PTE LTD

During the year ended 31<sup>st</sup> March 2020, pursuant to the terms of the Shares Subscription and Share Purchase Agreement dated 16<sup>th</sup> October 2018 entered into by the Parent Company with Singapore VII Topco III Pte Ltd and the approval of the Board of Directors and the shareholders in their meetings held on 5<sup>th</sup> July 2019, the Parent Company has issued 22,028,503 equity shares having a face value of ₹ 10 per share and 594,436 compulsorily convertible preference shares having a face value of ₹ 10 per share at ₹ 374.83 per share. Pursuant to this, Company has recorded ₹ 220.29 million as equity share capital, ₹ 5.94 million as compulsorily convertible preference shares capital and ₹ 8,479.83 million under Securities Premium Account.

### 56. GOODWILL AND BRAND IMPAIRMENT TESTING

#### Goodwill

As mentioned in Note 55 above, as on 5<sup>th</sup> July 2019, the Group acquired two entities, Comstar Automotive Technologies Private Limited ("Comstar India") and Comstar Automotive Hong Kong Limited ("Comstar Hongkong"), wherein the Group had recognized an amount of ₹ 1,758.09 million as Goodwill including assembled workforce. Annual test for impairment of goodwill was carried out as at 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2020, details of which are outlined below. The outcome of the test indicated that the value in use of business was higher than its carrying value in those CGU's (Cash generating unit). Accordingly, no impairment charge has been recognized in the consolidated statement of profit and loss.

The recoverable amount of each CGU was determined based on value-in-use calculations using a discount rate ranging between 12.00%-14.00% reflecting current market assessments of the time value of money and risks specific to the business, covering a detailed four-year forecast with a compounded annual growth rate ranging between 1.50%-2.50%, followed by an extrapolation of expected cash flows using a terminal growth rate of approximately 3% as determined by the management.

#### Brand

On 1<sup>st</sup> August 2018, the Parent Company acquired SONA Intellectual property rights ("Sona IP") and all intellectual property rights thereto from SONA Management Services Limited ("SMSL") having indefinite useful lives. This was due to the expectation of permanent use of acquired brand. The Group tests on an annual basis whether the brand is impaired based on the value-in-use concept of the entity basis certain inputs outlined below. As at March 2021 and March 2020, there was no impairment identified for the brand. The recoverable amount of the entity was determined on the basis of value in use based on the present value of the expected future cash flows. This calculation uses cash flow projections based on the financial planning covering a five-year period in total. The management believes that any reasonable possible changes in the key assumptions would not cause the Brand's carrying amount to exceed its recoverable amount.

The recoverable amount of the brand was determined based on value-in-use calculations for the Parent company using a discount rate ranging between 14.00%-17.00% reflecting current market assessments of the time value of money and risks specific to the business as at the respective dates, covering a detailed five-year forecast with a growth rate ranging between 16.00%-30.00%, followed by an extrapolation of expected cash flows using a terminal growth rate ranging between 1.50%-3.00% as determined by the management.

#### Growth rates

The growth rates used are in line with the growth rate of the industry and the countries in which the entities operates and are consistent with the internal/external sources of information.

#### Discount rates

The discount rates take into the consideration market risk and specific risk factors of the entity. The cash flow projections are based on the forecasts made by the management.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### Terminal growth rate

The terminal growth rate is the constant rate at which an entity is expected to grow at the end of the last forecasted cash flow period in a discounted cash flow model and goes into perpetuity.

### Sensitivity

The management believes that any reasonable possible changes in the key assumptions would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

57. In March 2020, the World Health Organization declared the COVID-19 to be a pandemic. Consequent to this, Government of India declared a nationwide lockdown on 25<sup>th</sup> March 2020, which has impacted the business activities of the Group. The Group has assessed the impact that may result from this pandemic on its liquidity position, carrying amount of receivables, inventories, tangible and intangible assets, investment and other assets / liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic condition because of this pandemic, the Group has considered internal and external information available till the date of approval of these consolidated financial statements and has assessed its situation. Given the uncertainties of the pandemic, the final impact on the Group's assets in future may differ from that estimated as at the date of approval of these financial results, and the Group will continue to closely monitor any material changes to future economic conditions.

58. The Company filed its Draft Red Herring Prospectus with Securities & Exchange Board of India (SEBI) on 23<sup>rd</sup> February 2021 for a proposed Initial Public Offering (IPO) of its equity shares.

The Issue related expenses include, among others, fees payable to the Book Running Lead Managers (BRLMs) and legal and professional fees, Accountants' fees relating to prospectus (Auditors' fee), Listing fees, advertising, marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

All Issue related expenses shall be shared by our Company and the Selling Shareholders in proportion to the number of Equity Shares being issued or offered, as the case may be, by each of them in the Fresh Issue and the Offer for Sale. Any payments by our Company in relation to the Issue on behalf of the Selling Shareholders shall be reimbursed by the Selling Shareholders to our Company in proportion to the Equity Shares being offered for sale by the Selling Shareholders in the Issue. However, in the event that the Issue is withdrawn by our Company or not completed for any reason whatsoever, all the Issue related expenses will be solely borne by our Company.

Basis relevant guidance available under Indian accounting standard, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received, if the entity settles the obligation. Considering the reimbursement of expense incurred is not virtually certain, management has decided to charge off ₹ 139.06 million to Statement of Profit and Loss account as an exceptional item.

### 59. CODE ON SOCIAL SECURITY

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13<sup>th</sup> November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company and its Indian subsidiaries will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective.

## NOTES

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31<sup>st</sup> March 2021

(Figures in Million ₹, unless stated otherwise)

### 60. PROPOSED TRANSFER OF CORPORATE SOCIAL RESPONSIBILITY (CSR ) ACCOUNT

Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (“the Rules”), the Company has transferred ₹ 5 million the unspent amount relating to ongoing project for CSR for FY 2020-21 in a ‘Unspent Corporate Social Responsibility Account (UCSRA)’ as on 16<sup>th</sup> April 2021. Further, one of the Subsidiary Company is required to transfer an amount of ₹ 9.86 million to ‘Unspent Corporate Social Responsibility Account (UCSRA)’ by 30<sup>th</sup> April 2021.

### 61. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31<sup>st</sup> March 2021 were approved by the Board of Directors on 27<sup>th</sup> April 2021.

Summary of significant accounting policies and other explanatory information.

#### For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No. : 001076N/N500013

#### Arun Tandon

Partner

Membership No: 517273

Place: New Delhi

Date: 27<sup>th</sup> April 2021

For and on behalf of the Board of Directors of

**Sona BLW Precision Forgings Limited**

#### Sunjay Kapur

Chairman and Non-Executive Director  
DIN: 00145529

#### Rohit Nanda

Group Chief Financial Officer

#### Vivek Vikram Singh

Managing Director and  
Group Chief Executive Officer  
DIN: 07698495

#### Ajay Pratap Singh

Company Secretary  
Membership No. F5253

Place: Gurugram

Date: 27<sup>th</sup> April 2021

## FORM NO. AOC-1

| Sl. No. | Name of the subsidiary  | Comstar Automotive Technologies Private Limited | Comstar Automotive Services Private Limited | Comstar Automotive USA LLC   | Comstar Automotive Hong Kong Ltd | Comstar Automotive Hong Kong Mexico No. 1, LLC | Comstar Automotive (Hangzhou) Co., Ltd | Comstar Hong Kong Mexico No. 1, LLC | Comenergia Automotive Technologies, Mexicana, S. DE R.L. DE C.V. | Comestel Automotive Technologies, Mexicana, S. DE R.L. DE C.V. | Sona Comstar Drive Pvt. Ltd. |
|---------|---|---|---|------------------------------|----------------------------------|--|--|-------------------------------------|--|--|------------------------------|
| 1       | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | 31 <sup>st</sup> March, 2021                    | 31 <sup>st</sup> March, 2021                | 31 <sup>st</sup> March, 2021 | 31 <sup>st</sup> March, 2021     | 31 <sup>st</sup> March, 2021                   | 31 <sup>st</sup> March, 2021           | 31 <sup>st</sup> March, 2021        | 31 <sup>st</sup> March, 2021                                     | 31 <sup>st</sup> March, 2021                                   | 31 <sup>st</sup> March, 2021 |
| 2       | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | INR   | INR   | USD - 73.11                  | USD - 73.11                      | USD - 73.11                                    | RMB - 11.1375                          | USD - 73.11                         | MXN - 3.55276  | MXN - 3.55276  | INR                          |
| 3       | Share capital   | 645.28  | 1.30  | 13.68                        | 121.00                           | 121.00   | 112.22                                 | -                                   | 0.07   | 114.79   | 0.10                         |
| 4       | Reserves & surplus  | 2,896.47  | 35.52                                       | 807.53                       | (80.96)                          | 24.13  | (46)                                   | -                                   | (2.80)   | (3.26)   | (0.08)                       |
| 5       | Total assets  | 5,627.75  | 38.35                                       | 1,001.99                     | 192.44                           | 617.81   | 297.16                                 | -                                   | 99.88  | 149.25   | 0.02                         |
| 6       | Total liabilities   | 2,100.97  | 1.53  | 180.79                       | 264.71                           | 708.46   | 230.74                                 | -                                   | 102.61   | 37.72  | -                            |
| 7       | Investments   | 14.98   | (0.00)                                      | 0.00                         | 112.31                           | 114.79   | -                                      | -                                   | -  | -  | -                            |
| 8       | Turnover  | 6,329.74  | 34.49                                       | 1,493.54                     | -                                | 992.45   | 298.79                                 | -                                   | 79.06  | (3.08)   | -                            |
| 9       | Profit/ (Loss) before taxation  | 1,607.40  | 16.94                                       | 373.99                       | (2.13)                           | 88.63  | 3.08                                   | -                                   | 0.54   | 6.40   | (0.08)                       |
| 10      | Provision for taxation  | 413.36  | 4.27  | 97.23                        | -                                | -  | -                                      | -                                   | -  | 6.74   | -                            |
| 11      | Profit/ ( Loss) after taxation  | 1,194.04  | 12.67                                       | 276.76                       | (2.13)                           | 88.63  | 3.08                                   | -                                   | 0.54   | (0.34)   | (0.08)                       |
| 12      | Proposed Dividend   | 100%  | 100%  | 100.0%                       | 100%                             | 100%   | 100.0%                                 | 100.0%                              | 99%  | 99%  | 100%                         |
| 13      | % of shareholding   | 100%  | 100%  | 100.0%                       | 100%                             | 100%   | 100.0%                                 | 100.0%                              | 99%  | 99%  | 100%                         |

**SONA BLW PRECISION FORGINGS LIMITED**

**Registered office:** Sona Enclave, Village Begumpur Khatola, Sector 35, Gurgaon-122004  
**CIN:** L27300HR1995PLC083037; **Email:** Investor@sonacomstar.com  
**Tel:** +91-124-4768200; **Website:** www.sonacomstar.com

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the twenty fifth (25<sup>th</sup>) Annual General Meeting (“AGM”) of the members of **Sona BLW Precision Forgings Limited (Company)** will be held on **Thursday, 9<sup>th</sup> September, 2021, at 12:00 Noon (IST)** through video conferencing (VC) / other audio-visual means (OAVM) to transact the following businesses:

**ORDINARY BUSINESS:****Item no. 1:**

To consider and adopt the audited Standalone Financial Statements and audited Consolidated Financial Statements of the Company for the financial year ended on March 31, 2021 together with the Reports of the Board of Directors and Auditors thereon.

**Item no. 2:**

To appoint a director in place of Mr. Vivek Vikram Singh (DIN: 07698495) who retires by rotation and, being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:****Item no. 3:**

**To approve the payment of remuneration to Mr. Sunjay Kapur (DIN:00145529), Non-Executive Director and Chairman of the Company for the Financial Year 2021-22.**

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

“**RESOLVED THAT** in terms of Regulation 17(6) (a) and 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) and provisions of Sections 197, 198 and other applicable provisions, if any of the Companies Act, 2013 (“**Act**”) and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Articles of Association of the Company and in accordance with the recommendations of Nomination and Remuneration Committee and the Board of Directors of the Company, and in furtherance to the resolution passed by the members of the Company at the Extra-ordinary General Meeting held on 22 February 2021 approving the variation in terms of remuneration of Mr. Sunjay Kapur, Non-Executive Director and Chairman, the approval of the members of the Company be and is hereby accorded

for payment of annual remuneration of INR 24,000,000/- (Indian Rupees twenty four million) by way of monthly payment to Mr. Sunjay Kapur (DIN: 00145529), as a Non-Executive Director and Chairman of the Company for the Financial Year 2021-2022, along with other benefits as detailed in the explanatory statement annexed herewith, being in excess of 50% (fiftypercent)ofthetotalannualremunerationpayabletoall Non-Executive Directors of the Company.

**RESOLVED FURTHER THAT** the Board of Directors including the Nomination and Remuneration Committee be and is hereby authorize to do all such acts, deeds, matter, things and to take all such steps as may be considered necessary, appropriate, expedient or desirable in this regard to give effect to this Resolution.”

**Item no. 4**

**To approve the payment of remuneration or compensation to Non-Executive Directors (including Independent Directors) of the Company.**

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 197, 198 and all other applicable provisions, if any of the Companies Act, 2013 (“**Act**”) and Rules made thereunder read with Schedule V of the Act, Regulation 17(6)(a) and all other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof) and any other law for the time being in force, and in accordance with provisions of the Articles of Association of the Company, and pursuant to the recommendations of the Board of Directors of the Company, the approval of the members of the Company be and is hereby accorded for payment of remuneration or compensation not exceeding 3% of net profit of the Company for each financial year, calculated in accordance with section 198 of the Act, to be paid and distributed amongst the Non-Executive Directors (i.e., other than Directors who are either in whole-time employment of the Company or Managing Director of the Company but including Independent Directors) of the Company or some or any of them of such amounts or in such proportions and in such manner and in all

respects as may be decided by the Board of Directors of the Company, for a period of five financial years from 2021-2022.

**RESOLVED FURTHER THAT** the Board of Directors including the Nomination and Remuneration Committee be and is hereby authorize to do all such acts, deeds, matter, things and to take all such steps as may be considered necessary, appropriate, expedient or desirable in this regard to give effect to this Resolution.”

**Item No.5**

**To approve the payment of remuneration to Mr. Vivek Vikram Singh (DIN 07698495), Managing Director and Group CEO of the Company.**

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to other regulations, sanctions, if any, read with the special resolutions passed by the members of the Company in the Extraordinary General Meetings of the Company held on 5<sup>th</sup> July, 2019 and 22<sup>nd</sup> February, 2021 for approval of terms of appointment of Mr. Vivek Vikram Singh (DIN 07698495) as Managing Director and Group CEO of the Company for three years w.e.f. 5<sup>th</sup> July, 2019 and for variation in the terms of appointment respectively, the consent of members of the Company be and is hereby accorded for payment of remuneration to Mr. Vivek Vikram Singh (DIN 07698495), Managing Director and Group CEO of the Company, in the nature of perquisites, which may arise as a result of allotment of shares pursuant to exercise of Options granted under Sona BLW Precision Forgings Limited -Employee Stock Option Plan 2020 (hereinafter referred to as the “ESOP 2020”), in such manner as may be approved or decided by the Nomination and Remuneration Committee/ Board of Directors, from time to time, which is over and above of the remuneration already approved by the shareholders, notwithstanding that the aggregate remuneration including perquisites on exercise of under ESOP 2020, may exceed the limits permissible under section 197 read with Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year during his term of appointment, remuneration as approved to be paid to Mr. Vivek Vikram Singh (DIN 07698495), Managing Director and Group CEO, shall be considered

as the minimum remuneration, in accordance with the provisions of the Act.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as it may in its absolute discretion think necessary, proper or expedient to give effect to this resolution and to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent as may be required in this regard.”

**Item no. 6**

**To approve the Exit Return Incentive Plan(ERI) for the employees of the Company by Singapore VII Topco III PTE. Ltd.**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to Regulation 26(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, other SEBI regulations as may be applicable in this regard, applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, Foreign Exchange Management Act, 1999 and regulations framed thereunder and such other laws as may be applicable, the approval of the members be and is hereby accorded for participation of employees (including Executive Directors but excluding the promoters directors or promoters) of the Company and its subsidiaries (such employees as may be identified and selected by Singapore VII Topco III Pte. Ltd. (**Singapore VII**) from time to time) in the **Singapore VII Topco III Pte. Ltd. Exit Return Incentive Plan (the ERI Plan)** (as amended from time to time) as adopted by Singapore VII on September 2, 2020.

**RESOLVED FURTHER THAT** approval of the members be and is hereby also accorded to Singapore VII to offer the ERI Plan to the employees (including Executive Directors but excluding the promoters directors or promoters) of the Company and its subsidiaries (such employees as may be identified and selected by Singapore VII from time to time). Under the ERI Plan Singapore VII may grant awards to certain identified employees of the Company and/or its subsidiaries, which awards provide for cash payments (Disposition Payments) upon disposition of all or part of the ownership interests held directly or indirectly by Singapore VII in the Company beyond certain identified thresholds (**Disposition Event**) and the quantum of such cash awards will be linked to a multiple of the invested capital of the sale proceeds eventually realised by Singapore VII from a Disposition Event.

## NOTICE

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board of Directors of the Company, be and is hereby authorized to take such steps and actions as it may in its absolute discretion deem necessary to give effect to the above resolution and to settle any question that may arise in this regard.”

By Order of the Board  
**Sona BLW Precision Forgings Limited**

**Ajay Pratap Singh**  
Vice-President (Legal), Company Secretary  
and Compliance Officer  
Membership No. F5253

Place: Gurugram  
Date: 6<sup>th</sup> August, 2021

### NOTES:

- In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated January 13, 2021 read with circulars dated May 5, 2020, April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) and SEBI vide its circulars dated January 15, 2021 read with May 12, 2020 (collectively referred to as “SEBI Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (the “Act”), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and MCA Circulars, the 25<sup>th</sup> AGM of the Company is being held through VC / OAVM. Hence, Members can attend and participate in the 25<sup>th</sup> AGM through VC/OAVM.
- Pursuant to the above referred MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and cast their votes through e-voting.
- Institutional / Corporate members are required to send a scanned copy (in PDF/JPG format) of certified true copy of the Board resolution authorising its representative to vote through either through remote e-voting/ e-voting in the AGM and attend the AGM through VC / OAVM. The said certified true copy of the Board resolution should be sent to the Scrutinizer at info@piassociates.co.in with a copy marked to

evoting@nsdl.co.in through their email address registered with the Depositories.

- In compliance with the MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail address is registered with the Company’s Registrar and Share Transfer Agent / Depository Participants as on Friday, 6<sup>th</sup> August, 2021. No physical copy of the Annual Report will be sent to the Members. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company’s website www.sonacomstar.com, websites of the Stock Exchanges, that is, BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively and on the website of NSDL at www.evoting.nsdl.com
- The Board of Directors of the Company has appointed Mr. Ankit Singhi (ACS No. - 20642; CP No. 16274) and failing him, Mr. Nitesh Latwal (ACS No. - 32109; CP No. 16276) Partners of M/s. PI & Associates, Practicing Company Secretaries as the Scrutinizer to scrutinize the remote e-voting process and voting through electronic voting system at the AGM in a fair and transparent manner.
- The Scrutinizer will, after the conclusion of e-voting at the AGM, scrutinize the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutinizer’s Report and submit the same to the Chairman or a person authorized by him in writing, who shall countersign the same and declare results within two working days from the conclusion of the AGM.
- The result declared along with the Scrutinizers Report will be placed on the Company’s website www.sonacomstar.com and on the website of NSDL at www.evoting.nsdl.com immediately after the declaration of result and the same will also be communicated to BSE Limited and the National Stock Exchange of India Limited (NSE).
- The Members can join the AGM through VC/OAVM mode 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Members (Members holding 2% or more shareholding), Promoters, Institutional Investors, Chairman, Directors, Key Managerial Personnel, the

Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

- The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended) and the SEBI and MCA Circulars, the Company is providing facility of remote e-Voting and e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as e-voting on the date of the AGM will be provided by NSDL.
- For receiving all communication (including Annual Report) from the Company electronically, Members holding shares in demat mode are requested to register / update their e-mail address with their Depository Participant and Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company at investor@sonacomstar.com along with the copy of the signed request letter mentioning the Folio Number, name and address of the Member, scan copy of share certificate (front and back), self-attested copy of the PAN card, and self-attested copy of any document (eg.: Driving License, Election Identity Card, Passport) in support of the address of the Member.
- An Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (“the Act”), relating to the Special Business(es) set out in the Notice to be transacted at the Meeting is annexed hereto.

13. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.

14. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on the record date (cut-off date) i.e Thursday, 2<sup>nd</sup> September, 2021, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only. Once the vote on a resolution is casted by a Member, the Member shall not be allowed to change it subsequently. Further, the Members who have casted their vote through remote e-voting shall not be allowed to vote again at the Meeting.

15. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the directors are interested under Section 189 of the Companies Act, 2013, Annual Report along with the AGM Notice and all other documents as referred in the Notice and explanatory statement, including certificate from the Auditors of the Company under Regulation 13 of SEBI (Share Based Employee Benefits) Regulations, 2014 will be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. Thursday, 9<sup>th</sup> September, 2021 and also during the AGM. Members seeking to inspect such documents can send an email at investor@sonacomstar.com.

### THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING/ E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on Monday, 6<sup>th</sup> September, 2021 at 9:00 A.M. and ends on Wednesday, 8<sup>th</sup> September, 2021 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Thursday, 2<sup>nd</sup> September, 2021, may cast their vote electronically. The voting right of members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, i.e Thursday, 2<sup>nd</sup> September, 2021.

**NOTICE**

**Vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual members holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

| Type of members   | Login Method  |
|---|---|
| <b>Individual Members holding securities in demat mode with NSDL.</b> | <ol style="list-style-type: none"> <li>Existing IDEAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Members/Member can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> |

NSDL Mobile App is available on



|  |  |
|--|--|
| <b>Individual Members holding securities in demat mode with CDSL</b> | <ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</li> </ol> |
|--|--|

|  |  |
|--|--|
| <b>Individual Members (holding securities in demat mode) login through their depository participants</b> | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |
|--|--|

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

| Login type  | Helpdesk details  |
|---|---|
| Individual Members holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30              |
| Individual Members holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43 |

**B) Login Method for e-Voting and joining virtual meeting for members other than Individual members holding securities in demat mode and members holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is:  |
|--|---|
| a) For Members who hold shares in demat account with NSDL.     | 8 Character DP ID followed by 8 Digit Client ID<br>For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.   |
| b) For Members who hold shares in demat account with CDSL.     | 16 Digit Beneficiary ID<br>For example if your Beneficiary ID is 12***** then your user ID is 12*****   |
| c) For Members holding shares in Physical Form.                | EVEN Number followed by Folio Number registered with the company<br>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

- How to retrieve your ‘initial password’?
    - If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares
- Password details for members other than Individual members are given below:
  - If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.

## NOTICE

held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, please follow steps mentioned below in **process for those members whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
    - a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
    - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
  7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  8. Now, you will have to click on "Login" button.
  9. After you click on the "Login" button, Home page of e-Voting will open.

### Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

#### How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting.

For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for members

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "**Forgot User Details/Password?**" or "**Physical User Reset Password?**" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Soni Singh, Assistant Manager at NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

#### Process for those members whose email IDs are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [investor@sonacomstar.com](mailto:investor@sonacomstar.com).

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [investor@sonacomstar.com](mailto:investor@sonacomstar.com). If you are an Individual members holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual members holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

#### THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

#### INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system.** After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/ folio number, email id, mobile number at [investor@sonacomstar.com](mailto:investor@sonacomstar.com) at least 48 hours before the date of AGM those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
6. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

## NOTICE

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

**ITEM NO. 3.**

A summary of the below item was set out in the Company's Red Herring Prospectus filed on 7<sup>th</sup> June, 2021.

Based on the recommendation of Nomination and Remuneration Committee and Board of Director, the members of the Company in its meeting of 5<sup>th</sup> July, 2019 has appointed Mr. Sunjay Kapur as Non-Executive Director and Chairman of the Company.

Mr. Sunjay Kapur is a qualified professional with expertise and experience in the business of the Company. He has over 21 (twenty-one) years of experience in the automotive industry. He also served as director on the board of directors of various companies and was Managing Director of Sona Koyo Steering Systems Limited (now JTKET India Limited). He holds membership in various autonomous bodies, such as Automotive Component Manufacturers Association of India where he has been appointed as the Vice President, and the Confederation of Indian Industry. He is also acting as the chairman of the Haryana State Council and the co-chairman of the Manufacturing Council of the Confederation of Indian Industry and has been an erstwhile chairman of the Entrepreneurs' Organization.

The roles and responsibilities of Mr. Kapur includes, amongst others, introducing to new customers, connecting with new technology partners etc.

Mr. Kapur is also involved in engagement with the customers wherever required. Being member of various forums & associations, Mr. Kapur represents the Company and its subsidiaries in such industry associations, forums, conferences and other business events.

In view of the initial public offering of the Company, and the rich experience that Mr. Sunjay Kapur lends to the business of the Company, the members of the Company in its extra-ordinary general meeting held on 22<sup>nd</sup> February 2021 approved variation in terms of remuneration of Mr. Sunjay Kapur, Non-Executive Director and Chairman, as recommended by the Board, based on the recommendations of Nomination and Remuneration Committee and the Audit Committee held on 22<sup>nd</sup> February, 2021 with effect from 22<sup>nd</sup> February 2021.

The terms and conditions in connection with appointment and remuneration of Mr. Sunjay Kapur,

shall remain the same as approved by the shareholders on 5<sup>th</sup> July, 2019 and 22<sup>nd</sup> February, 2021.

In accordance with Regulation 17(6)(a) and 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the provisions of Sections 197, 198 and other applicable provisions of the Companies Act, 2013 ('the Act'), Companies are required to obtain approval of the shareholders by passing of a special resolution every year for payment of remuneration to Non-Executive Director exceeding fifty percent of the total annual remuneration payable to all Non-Executive Directors of the Company.

Since payment of remuneration to Mr. Sunjay Kapur is likely to exceed such above referred limit of fifty percent and accordingly, members' approval is sought for payment above mentioned remuneration for the Financial Year ending on March 31, 2022.

The Board of Directors accordingly recommends the resolution as Set out in the Item No. 3 of the Notice for the approval of the members as a Special Resolution.

Except Mr. Sunjay Kapur Non-Executive Director and Chairman of the Company, none of the Directors Company or their relatives, is in any way concerned or interested in the resolution as set out in item no. 3 of the Notice.

**ITEM NO. 4.**

A summary of the below item was set out in the Company's Red Herring Prospectus filed on 7<sup>th</sup> June, 2021.

Considering the rich experience and enhanced level of participation brought in by the Non-Executive Directors (including Independent Directors) and in appreciation of the services and contribution made by them, the Board of Directors at their meeting held on 6<sup>th</sup> August, 2021, on the recommendation of the Nomination and Remuneration Committee, recommended the payment of remuneration or compensation to the Non-Executive Directors (including Independent Director) of the Company, subject to approval of Members of the Company, to be determined by the Board of Directors for each of such Non-Executive Director in such a manner as the Board may determine (including payment of remuneration or compensation to any Non-Executive Director) not exceeding 3% of net profit of the Company calculated in accordance with section 198 of the Act for

each financial year, for a period of five financial years from 2021-2022.

Accordingly, to comply with the provisions of Sections 197, 198 and other applicable provisions of the Companies Act, 2013 ('the Act') and Rules made thereunder and Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) approval of members of the Company by way of Special Resolution is sought for payment of remuneration or compensation to the Non-Executive Directors (including Independent Directors) of the Company not exceeding 3% of net profit of the Company calculated in accordance with section 198 of the Act for each financial year.

The Company has not made any default in repayment of dues to any bank or public financial institution or non-convertible debenture holders or other secured creditor.

The Board of Directors accordingly recommends the resolution as set out in the Item No. 4 of the Notice for the approval of the members as a Special Resolution.

None of the Directors (except Non-Executive Directors of the Company who shall be deemed to be concerned or interested in resolution set out as Item No. 4 of the Notice to the extent of the compensation that may be received by them in future), Key Managerial Personnel and their relatives is in any way, concerned or interested, financially or otherwise, except to the extent of their shareholdings in the Company, if any, in the resolution as set out in item no. 4 of the Notice.

**ITEM NO. 5**

The members of the Company pursuant to the recommendation of the Board of Directors and Nomination and Remuneration Committee in Extraordinary General Meeting held on 5<sup>th</sup> July, 2019 had appointed Mr. Vivek Vikram Singh (DIN: 07698495) as the Managing Director and Group CEO of the Company for a period of 3 (three) years with remuneration, with effect from 5<sup>th</sup> July, 2019.

The members of the Company in the Extraordinary General Meeting held on September 30, 2020 had approved the Sona BLW Precision Forgings Limited-Employee Stock Option Plan 2020 (hereinafter referred to as the "ESOP 2020"), for incentivizing, inducing, rewarding and motivating the employees of the Company and its subsidiaries' to contribute effectively towards the future growth and profitability of the Company, align the employees towards a common objective of creating value for the Company's shareholders as well

as to induce the employees to remain in the service of the Company.

The members of the Company, in the abovesaid meeting, had also approved the following criteria for grant of Options under the ESOP 2020:

- Criticality of the Role to the Company;
- Uniqueness of the skills sets of the Employee;
- Technical Knowledge;
- Seniority of the Employee;
- Past Performance;
- Future Potential;
- Any other criteria as may be framed by the Nomination and Remuneration Committee/ Compensation Committee ("Committee"), from time to time.

Accordingly, the Nomination and Remuneration Committee granted Options to the eligible employees of the Company and its subsidiaries w.e.f. October 1, 2020.

Amongst others, Mr. Vivek Vikram Singh (DIN: 07698495) as the Managing Director and Group CEO of the Company was granted 6,62,088 Options (including additional options consequent to adjustments pursuant to the bonus Issue undertaken by the Company) under the ESOP 2020, out of which one third options would vest on October 1, 2021 and rest of the options would vest in the subsequent two years, equally on October 1, 2022 and October 1, 2023 each.

Consequent to this, the remuneration (including perquisite(s) arising as a result of allotment of shares pursuant to exercise of Options granted under ESOP, 2020) payable to Mr. Vivek Vikram Singh (DIN: 07698495) may exceed the limits permissible under section 197 read with Schedule V of the Companies Act, 2013, for each of the financial year, during the term of his appointment. The other terms and conditions in connection with appointment of Mr. Vivek Vikram Singh, shall remain the same as approved earlier by the shareholders on 5<sup>th</sup> July, 2019 and 22<sup>nd</sup> February, 2021. It is clarified that the remuneration payable to Mr. Vivek Vikram Singh may exceed the abovesaid permissible limits only on account of exercise of the existing options granted to him. There is no other proposal to grant any additional options to Mr. Singh under ESOP, 2020. Therefore, the approval of the members of the Company is sought for payment of above mentioned remuneration by way of above said resolution.

## NOTICE

Information as per schedule v of the Companies Act, 2013;

| Sl. No.              | General Information   |             |                                |                      |          |            |          |
|----------------------|---|-------------|--------------------------------|----------------------|----------|------------|----------|
| 1.                   | <b>Nature of the Industry</b><br>Auto components manufacturing industry   |             |                                |                      |          |            |          |
| 2.                   | <b>Commencement of Commercial Production</b><br>The Company commenced its commercial production since 1998  |             |                                |                      |          |            |          |
| 3.                   | <b>In case of new companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus</b><br>Not applicable  |             |                                |                      |          |            |          |
| 4.                   | <b>Financial Performance</b><br>The financial performance of the Company (audited) for FY 2020-21   |             |                                |                      |          |            |          |
|                      | <table border="1"> <thead> <tr> <th>Particulars</th> <th>FY 2020-21<br/>(INR in million)</th> </tr> </thead> <tbody> <tr> <td><b>Total Revenue</b></td> <td>8,438.93</td> </tr> <tr> <td><b>PAT</b></td> <td>1,880.41</td> </tr> </tbody> </table>  | Particulars | FY 2020-21<br>(INR in million) | <b>Total Revenue</b> | 8,438.93 | <b>PAT</b> | 1,880.41 |
| Particulars          | FY 2020-21<br>(INR in million)  |             |                                |                      |          |            |          |
| <b>Total Revenue</b> | 8,438.93  |             |                                |                      |          |            |          |
| <b>PAT</b>           | 1,880.41  |             |                                |                      |          |            |          |
| 5.                   | <b>Foreign investment or collaboration, if any</b><br>The Company has foreign investments in its subsidiaries as mentioned in the Annual Report.  |             |                                |                      |          |            |          |
| 6.                   | <b>Background Details</b><br>Mr. Singh is the Managing Director and Group Chief Executive Officer of the Company. He holds a bachelor's degree in technology (computer science and engineering) from HBTI, Kanpur and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has over 15 years of experience, including six years of experience in the automotive industry. Mr. Singh was recognised as one of the India's 40 under forty hottest business leaders by the Economic Times in 2018.<br><br>Mr. Singh joined the Company on July 1, 2016. He was appointed as the Managing Director and Group Chief Executive Officer on the Board with effect from July 5, 2019. Previously, Mr. Singh was the advisory leader for the industrials and auto sectors for Grant Thornton India. He has a decade's experience in business advisory services with exposure to several advisory areas spanning transactions as well as strategy related advisory services. His primary work areas were working with private sector clients to assist them with strategy formulation/implementation, due diligence and synergy evaluation for private equity transactions, performance improvement and architecture, and business planning. |             |                                |                      |          |            |          |
| 7.                   | <b>Past Remuneration:</b><br>INR 34.73* million (*Includes variable pay for Financial Year 2020 and for Financial Year 2021 paid in Financial Year 2021.)   |             |                                |                      |          |            |          |
| 8.                   | <b>Recognition or awards</b><br>Economic Times Award for under 40 Hottest Business Leaders of Indian award  |             |                                |                      |          |            |          |
| 9.                   | <b>Job profile and his suitability</b><br>Mr. Vivek Vikram Singh is associated with the group since last 6 years and is responsible for implementing strategic decisions for growth (both organic and inorganic), internal performance monitoring across safety, quality, delivery and other operational metrics, management of financial stakeholders (investors, lenders and other financial partners), performance assessment of individual business units and their leaders, for the Company and its subsidiaries.<br><br>He is also responsible for overseeing the production of auto components and systems platform in electric vehicles and hybrids, capital allocation decisions, external shareholder management at the Company.  |             |                                |                      |          |            |          |
| 10.                  | <b>Remuneration Proposed</b><br>As detailed in the abovesaid Special Resolution.  |             |                                |                      |          |            |          |

| Sl. No. | General Information  |
|---------|--|
| 11.     | <b>Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person</b><br>The remuneration of Mr. Vivek Vikram Singh, Managing Director and Group CEO is in line with the remuneration in similar sized industries in same segment of business. The aforesaid remuneration may be considered as appropriate, having regard to factors such as past experience, position held, criticality to his role in the company, his contribution as Managing Director and Group CEO to the growth of the Company, its business and its profitability and value creation for the shareholders. |
| 12.     | <b>Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any</b><br>Except to the extent of his employment with the Company, Mr. Vivek Vikram Singh does not have any pecuniary relationship directly or indirectly with the Company.   |
|         | <b>Other Information</b>   |
| 1.      | <b>Reasons of loss or inadequate profits:</b><br>The inadequacy of profits may arise as a result of exercise of Options granted to Mr. Vivek Vikram Singh. It may be noted that the excess remuneration may arise only on account of perquisite value of equity shares under ESOP 2020, as may be exercised by Mr. Singh and that managerial remuneration excluding the perquisite value of ESOP shares is within the prescribed limits, as approved by the shareholders previously.   |
| 2.      | <b>Steps taken or proposed to be taken for improvement</b><br>The Company keep on exploring new strategic and operational measures in its normal course of business to increase its profitability.   |
| 3.      | <b>Expected increase in productivity and profits in measurable terms</b><br>Not Applicable   |

The Company has not made any default in repayment of dues to any bank or public financial institution or nonconvertible debenture holders or other secured creditor.

The Board of Directors accordingly recommends the resolution as set out in the Item No. 5 of the Notice for the approval of the members as a Special Resolution.

None of the Directors, Key Managerial Personnel and their relatives (except Mr. Vivek Vikram Singh and his relatives) are in any way concerned or interested, financially or otherwise in the resolution as set out in item no. 5 of the Notice except to the extent of their shareholding in the Company, if any.

#### ITEM NO. 6

A summary of the below item was set out in the Company's Red Herring Prospectus filed on 7<sup>th</sup> June, 2021.

On September 2, 2020, Singapore VII Topco III PTE. Ltd. (**Singapore VII**), being a promoter of the Company, adopted a plan - the "Exit Return Incentive Plan" (**ERI Plan**) to reward certain identified employees of the Company and/or its subsidiaries at the time when Singapore VII disposes all or part of its interests (direct or indirect) in the Company beyond certain identified thresholds (**Disposition Event**).

The ERI Plan is a means to incentivize and motivate such employees to work towards the growth of the

Company, to retain employees for the long term, to reward employees for strong performance, and to create value for all the Company's shareholders.

No shareholder of the Company will be diluted as a consequence of the ERI Plan. No shareholder other than Singapore VII is required to make payments or rewards to employees as per the ERI Plan. The Company is not liable to make any payments as a consequence of the ERI Plan.

Under the ERI Plan, Singapore VII proposes to give the identified employees cash payments from the proceeds it received/receives from a Disposition Event (**Disposition Payments**). These Disposition Payments may be made in three installments, part at the time of the Disposition Event and then on the first and second anniversaries of Singapore VII's complete disposition of its ownership in the Company, as per ERI Plan. Thus, through staggered long term payment structure the ERI Plan is expected to promote retention of the employees.

The amount of the cash awards made to the employees will depend on the multiple of the invested capital and returns realised by Singapore VII from the proceeds of a Disposition Event.

The key features of the ERI Plan are as follows:

1. Singapore VII will offer to certain identified employees (and such other eligible employees who may be identified from time to time) of the

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- Company and/or its subsidiaries, a discretionary award payable in cash post a Disposition Event;
2. The amount of the cash payment will depend (among others) on the 'multiple of invested capital' on the gross proceeds eventually realised by Singapore VII from and the size of Singapore VII's ownership interest in the Company disposed through a Disposition Event.
  3. Subject to Singapore VII achieving the identified return thresholds and an upper cap, the indicative amount of cash awards for the eligible employees (collectively) may range between 1% (one percent) and 4% (four percent) of the gross proceeds realized by Singapore VII across all Disposition Events. No payments will be made under the ERI Plan if the identified threshold returns are not satisfied in a Disposition Event. Each employee's share in the cash awards will be determined by the board of Singapore VII pursuant to the terms of the ERI Plan.
  4. The range of cash awards set out in paragraph 3 above are an indicative in nature, and actual payouts may depend on various factors and terms as may be set out in the ERI Plan or determined by Singapore VII from time to time. The Company will make the appropriate disclosure of awards made under ERI Plan on an ongoing basis.
  5. The payment of cash awards will be made by Singapore VII from the proceeds received by Singapore VII from a Disposition Event without any recourse or liability to the Company.
  6. The offering or participation in the ERI Plan will not imply a guaranteed Disposition Event, nor will it imply any intent on the part of Singapore VII or its affiliates to passively dispose of its interests in the Company. The ERI Plan merely intends that, if there is a Disposition Event, Singapore VII will show its appreciation and gratitude to the identified employees for their hard work, dedication, time and efforts towards the growth of the Company and the value which they create for its shareholders. The payment of such cash awards is intended to be a gesture of appreciation and recognition towards the identified employees and their contribution to the growth of the Company and the value which they create for all shareholders.
  7. The ERI Plan will be offered to the employees of the Company and/or its subsidiaries as identified
- by Singapore VI from time to time, and may include any key managerial personnel and/or director of the Company and/or its subsidiaries. Under the ERI Plan, none of the promoter director or promoter of the Company is beneficiary.
8. Other than the ERI Plan, as referred herein, there is no other arrangement between the Singapore VII and the employees identified under the ERI Plan.
- The payouts under ERI Plan thus are inherently linked to performance as they are linked to the company's equity value. Hence, there is strong alignment of interest with shareholder value creation as there is no fixed pay component in the ERI Plan.
- The Company was listed on 24<sup>th</sup> June, 2021. As per Regulation 26(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), no employee including key managerial personnel or director or promoter of a listed entity shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of such listed entity, unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution. The proposed ERI Plan falls within the remit of Regulation 26(6) of the Listing Regulations. Since the ERI Plan may be offered to the employees of the Company and/or its subsidiaries, considering the letter and spirit of the Listing Regulations, approval of the public shareholders of the Company by way of an ordinary resolution is being sought for permitting the employees of the subsidiaries of the Company to participate in the ERI Plan.
- The Board had in its meeting held on 6<sup>th</sup> August, 2021 considered and approved the ERI Plan and recommended the same to the public shareholders for their approval by means of an ordinary resolution.
- All interested persons involved in the ERI Plan shall abstain from voting on this resolution. In this regard, "interested person" shall mean any person holding voting rights in the Company and who is in any manner, whether directly or indirectly, interested in the proposed ERI Plan. The Promoter, the Directors (other than the Independent Directors) and the employees, including the Key Managerial Personnel and their relatives, may be deemed to be interested in the resolution as set out in item no. 6 and shall not vote on the resolution.

**DETAILS OF DIRECTORS RETIRING BY ROTATION / SEEKING APPOINTMENT / RE-APPOINTMENT AT THE MEETING AS PER SECRETARIAL STANDARD-2 ON GENERAL MEETING AND REGULATION 36(3) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

| Name   | Mr. Vivek Vikram Singh   | Mr. Sunjay Kapur  |
|--|--|---|
| <b>Director Identification Number (DIN)</b>  | 07698495   | 00145529  |
| <b>Date of Birth and Age</b>   | 24.07.1979 (42 years)  | 15.10.1971 (49 years)   |
| <b>Date of appointment</b>   | 05.07.2019   | 05.07.2019  |
| <b>Qualification</b>   | Bachelor's in Technology (computer science and engineering) from HBTI, Kanpur and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad   | Bachelor's in Science (business studies) from the University of Buckingham  |
| <b>Brief resume/Experience (including expertise in specific functional area)</b>   | He has over 15 years of experience, including six years of experience in the automotive industry. He is inter alia responsible for overseeing the production of auto components and systems platform in electric vehicles and hybrids, capital allocation decisions, external shareholder management at our Company. | He has over 21 (twenty-one) years of experience in the automotive industry and holds membership in various autonomous bodies, such as Automotive Component Manufacturers Association of India where he has been appointed as the Vice President, and the Confederation of Indian Industry. He is also acting as the chairman of the Haryana State Council and the co-chairman of the Manufacturing Council of the Confederation of Indian Industry and has been an erstwhile chairman of the Entrepreneurs' Organization. |
| <b>Terms and Conditions of Appointment / Re-appointment</b>  | As disclosed in the Corporate Governance Report  | As disclosed in the Corporate Governance Report   |
| <b>Remuneration last drawn (including sitting fees, if any)</b>  | INR 34.73* million<br>(*Includes variable pay for Financial Year 2020 and for Financial Year 2021 paid in Financial Year 2021.)  | INR 24.00 million   |
| <b>Remuneration proposed to be paid</b>  | As per existing terms and conditions   | As per existing terms and conditions  |
| <b>Shareholding in the listed entity, including shareholding as a beneficial owner in the Company as on March 31, 2021</b> | Nil  | He is the Significant Beneficial Owner as per the Companies Act, 2013 and indirectly hold 33.12% shares of the Company through Sona Autocomp Holding Private Limited  |
| <b>Relationship with other Directors / Key Managerial Personnel/ Managers</b>  | None as per the definition of Relatives specified in the Companies Act, 2013 and Listing Regulations   | None as per the definition of Relatives specified in the Companies Act, 2013 and Listing Regulations  |
| <b>Number of meetings of the Board attended during the year</b>  | As mentioned in the Corporate Governance Report  | As mentioned in the Corporate Governance Report   |
| <b>Directorship of other Boards as on March 31, 2021</b>   | Comstar Automotive Technologies Private Limited  | 1. Comstar Automotive Technologies Private Limited<br>2. Sona Autocomp Holding Private Limited<br>3. Sona Management Services Limited<br>4. Raghuvanshi Investment Private Limited<br>5. BRS Finance and Investment Company Private Limited<br>6. Azarias Advance Systems Private Limited<br>7. Automotive Component Manufacturers Association of India<br>8. Indian Public Schools Society   |

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| <b>Name</b>   | <b>Mr. Vivek Vikram Singh</b>  | <b>Mr. Sunjay Kapur</b>  |
|---|--|--|
| <b>Membership / Chairmanship of Committees of the other Boards as on March 31, 2021</b> | Sona BLW Precision Forgings Limited:<br>a. Stakeholders Relationship Committee and<br>b. Risk Management Committee<br>c. Environment Social and Governance (ESG) Committee | <b>Sona BLW Precision Forgings Limited:</b><br>c. Nomination and Remuneration Committee,<br>d. Corporate Social Responsibility Committee and<br>e. Risk Management Committee<br><b>Comstar Automotive Technologies Private Limited</b><br>a. Nomination and Remuneration Committee,<br>b. Corporate Social Responsibility Committee and<br>c. Audit Committee<br>d. Environment, Social and Governance (ESG) Committee |

By Order of the Board  
**Sona BLW Precision Forgings Limited**

**Ajay Pratap Singh**  
Vice-President (Legal), Company Secretary  
and Compliance Officer  
Membership No. F5253

Place: Gurugram  
Date: 6<sup>th</sup> August, 2021