

# B S R & Co. LLP

Chartered Accountants

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## Independent Auditors' Report

### To the Members of Ideaforge Technology Private Limited

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of Ideaforge Technology Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2021 and the statement of profit and loss and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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

##### Basis for Opinion

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

##### Other Information

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

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

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



**Independent Auditors' Report (Continued)**  
**Ideaforge Technology Private Limited**

**Management's Responsibility for the Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Act, with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 and Board of Directors are 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.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**Independent Auditors' Report (Continued)**  
**Ideaforge Technology Private Limited**

**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

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

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

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

**Report on Other Legal and Regulatory Requirements**

1. 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 "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the balance sheet, the statement of profit and loss and statement of cash flows dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;
  - e) on the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - f) the Company is exempted from the requirements of its auditor reporting on whether the Company has adequate internal financial controls with reference to the financial statements and the operating effectiveness of such controls (clause (i) of Section 143(3) of the Act).



**Independent Auditors' Report (Continued)**  
**Ideaforge Technology Private Limited**

**Report on Other Legal and Regulatory Requirements (Continued)**

- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements – Refer note 30.01 to the financial statements;
  - ii. the Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and
  - iv. the disclosures regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.
- (C) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

According to the information and explanations given to us and based on our examination of the records of the Company, the Company is incorporated as a Private Company. Accordingly, the provisions of Section 197 of the Act are not applicable to the Company.

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



**Mansi Pardiwalla**  
*Partner*

Mumbai  
08 September 2021

Membership No: 108511  
UDIN: 21108511AAAAFC3025

## Ideaforge Technology Private Limited

### **Annexure A to the Independent Auditors' Report – 31 March 2021**

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2021, we report the following:

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets including property, plant and equipment.
- (b) The Company has a regular programme of physical verification of its fixed assets including property, plant and equipment by which all the fixed assets including property, plant and equipment are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In our opinion and according to information and explanations given to us, no discrepancies were noticed on such verification during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any immovable properties. Accordingly, paragraph 3 (i) (c) of the Order is not applicable to the Company.
- ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. No discrepancies were noticed on verification between the physical stocks and the book records.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanation given to us and based on the audit procedures conducted by us, the Company has not granted any loans, made investments, or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Accordingly, compliance under Sections 185 and 186 of the Act in respect of granting loan, making investments, or providing any guarantees or securities are not applicable to the Company.
- v. In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the activities carried out by the Company. Accordingly, paragraph 3 (vi) of the Order is not applicable to the Company.



**Ideaforge Technology Private Limited****Annexure A to the Independent Auditors' Report – 31 March 2021 (Continued)**

- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Income-tax, Goods and Services tax, Provident fund, Duty of customs, Employees' State Insurance, Professional tax, and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Goods and Services tax, Provident fund, Duty of customs, Employees' State Insurance, Professional tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax and Goods and Services tax as at 31 March 2021, which have not been deposited with the appropriate authorities on account of any dispute except for the following:

| Name of the Statute  | Nature of the Dues | Amount (net of deposit paid) (Rs) | Year pertaining to | Forum where dispute is pending       |
|----------------------|--------------------|-----------------------------------|--------------------|--------------------------------------|
| Income Tax Act, 1961 | Income tax         | 33,694,942*                       | AY 2017-18         | Commissioner of Income tax (Appeals) |
| VAT Act, 2005        | VAT                | 9,388,972                         | FY 2016-17         | Deputy Commissioner (Appeals)        |
| VAT Act, 2005        | VAT                | 84,505                            | FY 2017-18         | Deputy Commissioner (Appeals)        |

\*Rs 1,530,000 is paid under protest

- viii. According to the information and explanations given to us, the Company has not defaulted during the year in repayment of loans or borrowings to banks or dues to debenture holders. The Company does not have any loans or borrowings from government during the year.
- ix. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

## Ideaforge Technology Private Limited

### Annexure A to the Independent Auditors' Report – 31 March 2021 (*Continued*)

- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not a public company. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act. Further the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, paragraph 3 (xiii) of the Order is not applicable to the Company.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares during the year. Further, the Company has made private placement of fully convertible debentures during the year in compliance with the requirements of Section 42 of the Act. Of the total monies aggregating Rs 297,953,400 raised during the year, a sum of Rs 168,827,866 has been utilised by the Company for which it was raised and the balance funds aggregating Rs 129,125,534 remains utilised by the Company for the purpose for which they were raised as at end of the year. Further, during the year ended 31 March 2018, the Company had made a private placement of compulsory convertible preference shares in compliance with the requirements of Section 42 of the Act. Of the total monies aggregating Rs 695,993,670 raised in the year ended 31 March 2018, a sum of Rs 544,172,757 was utilised by the Company for the purpose for which it was raised till previous year, a sum of Rs 105,670,537 has been utilised by the Company for the purpose for which it was raised in the current year and the balance funds aggregating to Rs 46,150,376 remains unutilised by the Company for the purpose for which they were raised as at end of the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022



**Mansi Pardiwalla**

*Partner*

Membership No: 108511

UDIN: 21108511AAA AFC3025

Mumbai  
08 September 2021

# Ideaforge Technology Private Limited

## Balance Sheet

as at 31 March 2021

(Currency : Indian Rupees)

|  | Note  | 31 March 2021               | 31 March 2020             |
|--|-------|-----------------------------|---------------------------|
| <b>Equity and liabilities</b>  |       |                             |                           |
| <b>Shareholder's funds</b>   |       |                             |                           |
| Share capital  |       |                             |                           |
| Reserves and surplus   | 3     | 1,272,178                   | 1,269,178                 |
|  | 4     | <u>602,675,069</u>          | <u>683,473,026</u>        |
|  |       | <u>603,947,247</u>          | <u>684,742,204</u>        |
| <b>Non-current liabilities</b>   |       |                             |                           |
| Long-term borrowings   | 5     | 373,190,754                 | 569,857                   |
| Other long-term liabilities  | 6     | 370,600                     | 1,089,300                 |
| Long-term provisions   | 7     | <u>19,027,555</u>           | <u>10,982,185</u>         |
|  |       | <u>392,588,909</u>          | <u>12,641,342</u>         |
| <b>Current liabilities</b>   |       |                             |                           |
| Short-term borrowings  | 8     | 52,600,847                  | 52,128,721                |
| Trade payables   | 9     |                             |                           |
| - total outstanding dues of micro enterprises and small enterprises; and                 |       | 18,713,854                  | 2,413,524                 |
| - total outstanding dues of creditors other than micro enterprises and small enterprises |       | 28,763,912                  | 5,818,377                 |
| Other current liabilities  | 10    | 131,225,049                 | 23,296,739                |
| Short-term provisions  | 11    | <u>7,180,127</u>            | <u>7,484,598</u>          |
|  |       | <u>238,483,789</u>          | <u>91,141,959</u>         |
| <b>TOTAL</b>   |       | <u><u>1,235,019,945</u></u> | <u><u>788,525,506</u></u> |
| <b>Assets</b>  |       |                             |                           |
| <b>Non-Current Assets</b>  |       |                             |                           |
| Property, plant and equipment  |       |                             |                           |
| Tangible assets  | 12(a) | 10,460,340                  | 13,474,566                |
| Intangible assets  | 12(b) | 115,825,834                 | 22,465,591                |
| Intangible assets under development  | 12(b) | 142,219,448                 | 168,355,613               |
| Deferred tax assets (net)  | 13    | -                           | -                         |
| Long-term loans and advances   | 14    | 14,229,100                  | 16,643,366                |
| Other non-current assets   | 15    | <u>135,916,439</u>          | <u>93,190,637</u>         |
|  |       | <u>418,651,161</u>          | <u>314,129,773</u>        |
| <b>Current Assets</b>  |       |                             |                           |
| Current investments  | 16    | -                           | 119,037,601               |
| Inventories  | 17    | 234,196,406                 | 108,548,093               |
| Trade receivables  | 18    | 235,299,783                 | 104,268,881               |
| Cash and bank balances   | 19    | 207,208,051                 | 85,262,640                |
| Short-term loans and advances  | 20    | 127,873,587                 | 46,631,569                |
| Other current assets   | 21    | <u>11,790,957</u>           | <u>10,646,948</u>         |
|  |       | <u>816,368,784</u>          | <u>474,395,732</u>        |
| <b>TOTAL</b>   |       | <u><u>1,235,019,945</u></u> | <u><u>788,525,506</u></u> |

### Significant accounting policies

### Notes to the financial statements

The notes referred to above form an integral part of the financial statements.

1-2

3-30

As per our report of even date attached.

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

*Mansu Pardiwalla*

Mansu Pardiwalla

Partner

Membership No: 108511

Mumbai

08 September 2021

For and on behalf of the Board of Directors of  
Ideaforge Technology Private Limited  
CIN : U31401MH2007PTC167669

*Rahul Singh*

Rahul Singh  
Whole Time Director  
DIN: 02106568

Mumbai  
08 September 2021

*Ankit Mehta*

Ankit Mehta  
Whole Time Director  
DIN: 02108289

Mumbai  
08 September 2021



# Ideaforge Technology Private Limited

## Statement of Profit and Loss for year ended 31 March 2021

(Currency : Indian Rupees)

|  | Note | 31 March 2021        | 31 March 2020        |
|--|------|----------------------|----------------------|
| <b>Income</b>  |      |                      |                      |
| Revenue from operations  | 22   | 349,317,030          | 140,950,002          |
| Other income   | 23   | 13,337,814           | 23,066,153           |
| <b>Total income</b>  |      | <b>362,654,844</b>   | <b>164,016,155</b>   |
| <b>Expenses</b>  |      |                      |                      |
| Cost of materials consumed   | 24   | 220,992,232          | 76,844,638           |
| Changes in inventory of finished goods and work-in-progress                    | 25   | (37,957,809)         | (11,566,956)         |
| Employee benefits expense  | 26   | 192,345,897          | 129,903,393          |
| Finance costs  | 27   | 9,464,687            | 2,953,541            |
| Depreciation and amortisation expenses   | 28   | 31,358,228           | 23,074,836           |
| Other expenses   | 29   | 89,312,920           | 78,175,643           |
| <b>Total expenses</b>  |      | <b>505,516,155</b>   | <b>299,385,095</b>   |
| <b>(Loss) before tax</b>   |      | <b>(142,861,311)</b> | <b>(135,368,940)</b> |
| <b>Tax expense / (benefit)</b>   |      |                      |                      |
| Current tax  |      | -                    | -                    |
| Deferred tax charge/(credit)   | 13   | -                    | -                    |
| <b>(Loss) for the year</b>   |      | <b>(142,861,311)</b> | <b>(135,368,940)</b> |
| <b>Earnings per equity share (nominal value of INR 10 each, fully paid-up)</b> |      |                      |                      |
| Basic  | 30.4 | (1,608.62)           | (1,266.69)           |
| Diluted  | 30.4 | (1,608.62)           | (1,266.69)           |

Significant accounting policies

1-2

Notes to the financial statements

3-30

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

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



**Mansi Pardiwalla**  
Partner  
Membership No: 108511

Mumbai  
08 September 2021

For and on behalf of the Board of Directors of  
Ideaforge Technology Private Limited  
CIN : U31401MH2007PTC167669



**Rahul Singh**  
Whole Time Director  
DIN: 02106568

Mumbai  
08 September 2021



**Ankit Mehta**  
Whole Time Director  
DIN: 02108289

Mumbai  
08 September 2021

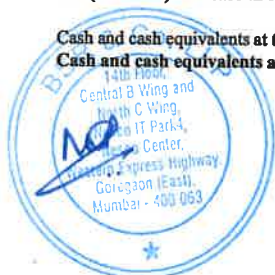


# Ideaforge Technology Private Limited

## Statement of cash flows for year ended 31 March 2021

(Currency : Indian Rupees)

|  | 31 March 2021        | 31 March 2020        |
|--|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                      |                      |
| Loss before tax  | (142,861,311)        | (135,368,940)        |
| <b>Adjustments for:</b>  |                      |                      |
| Gain on sale of investments  | -                    | (2,839,121)          |
| Loss on sale of investments  | 28,653               | -                    |
| Interest income on income tax refund   | -                    | -                    |
| Interest income on fixed deposits  | (11,245,877)         | (12,429,982)         |
| Interest income on bonds   | -                    | -                    |
| Dividend received on mutual funds  | (1,376,083)          | (7,658,641)          |
| Provision for lease rent equalisation  | (718,700)            | (7,700)              |
| Provision for liquidated damages   | 2,133,501            | -                    |
| Provision for warranty   | 2,482,606            | 1,450,000            |
| Employee stock option expense  | 58,880,704           | 5,339,703            |
| Depreciation and amortisation expenses   | 31,358,228           | 23,074,836           |
| Interest expenses  | 9,464,687            | 2,948,243            |
| <b>Operating profit before working capital changes</b>   | <b>(51,853,592)</b>  | <b>(125,491,601)</b> |
| <b>Changes In working capital:</b>   |                      |                      |
| (Increase) / decrease in long term loans and advances  | (2,294,285)          | (1,666,312)          |
| (Increase) in trade and other receivables  | (131,030,902)        | (16,125,602)         |
| (Increase) in inventories  | (125,648,313)        | (6,092,710)          |
| (Increase) in short-term loans and advances  | (81,242,018)         | (8,607,025)          |
| Increase in long-term provisions   | 4,399,460            | 2,922,541            |
| Decrease / (Increase) in trade payables  | 39,245,865           | (11,559,294)         |
| Decrease / (Increase) in other current liabilities   | 32,904,172           | (2,330,710)          |
| Increase in short-term provisions  | (2,232,493)          | 1,157,579            |
| Taxes paid (Net)   | (317,752,106)        | (167,793,134)        |
| <b>Net cash flows (used in)/generated from operating activities</b>  | <b>(317,294,732)</b> | <b>(171,341,528)</b> |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>  |                      |                      |
| Acquisition of property, plant and equipment, intangible assets and expenditure on intangible assets under development | (91,427,605)         | (94,337,788)         |
| Dividend received  | 1,376,083            | 7,658,650            |
| Proceeds from sale of investment in mutual funds   | 119,008,948          | 450,164,966          |
| Purchase of investment in mutual funds   | -                    | (325,823,851)        |
| (Purchase) of investments in fixed deposits (net)  | (152,778,846)        | (3,322,219)          |
| Interest income on fixed deposits  | 14,353,045           | 10,841,588           |
| <b>Cash (used In) investing activities (B)</b>   | <b>(109,468,375)</b> | <b>45,181,346</b>    |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>  |                      |                      |
| Proceeds from Issue of Equity Shares   | 3,000                | 1,100                |
| Proceeds from issue of unsecured debentures  | 297,953,400          | -                    |
| Proceeds from issue of secured debentures  | 150,000,000          | -                    |
| Proceeds from short term borrowings  | 70,000,000           | -                    |
| Repayment of borrowings  | (70,306,260)         | (28,215,322)         |
| Proceeds from overdraft facility from bank   | 472,126              | 52,128,721           |
| Interest paid on borrowings  | (9,466,792)          | (2,977,307)          |
| <b>Cash generated from financing activities (C)</b>  | <b>438,655,474</b>   | <b>20,937,192</b>    |
| <b>Net (Decrease)/Increase in cash and cash equivalents [(A)+(B)+(C)]</b>  | <b>11,892,367</b>    | <b>(105,222,991)</b> |
| Cash and cash equivalents at the beginning of the year   | 897,716              | 106,120,707          |
| <b>Cash and cash equivalents at the end of the year* (Refer Note 18)</b>   | <b>12,790,083</b>    | <b>897,716</b>       |



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## Ideaforge Technology Private Limited

### Statement of cash flows (Continued)

for year ended 31 March 2021

(Currency: Indian rupees )

|  | 31 March 2021     | 31 March 2020  |
|--|-------------------|----------------|
| <b>* Components of Cash and Cash Equivalents</b>                   |                   |                |
| Cash on hand   |                   |                |
| Balances with banks  | 189,121           | 245,034        |
| - in current accounts  | 12,600,962        | 652,682        |
| - in deposit accounts (with original maturity of 3 months or less) |                   |                |
|  | <b>12,790,083</b> | <b>897,716</b> |

#### Notes:


(a) The statement of cash flows has been prepared under the indirect method as set out in Accounting Standard - 3 (AS-3) prescribed as per section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 as amended.

(b) Reconciliation of Cash and Cash Equivalents as per the Statement of Cash Flows. Cash and Cash Equivalents as per the above comprise of the following :

| Particulars   | 31 March 2021     | 31 March 2020  |
|---|-------------------|----------------|
| Cash and bank balances (Refer Note 19)  |                   |                |
| Less: Balance with banks - in fixed deposit accounts (with original maturity of more than 3 months but less than 12 months) | 207,208,051       | 85,262,640     |
|   | 194,417,968       | 84,364,924     |
| <b>Cash and Cash Equivalents as per Statement of cash flows</b>   | <b>12,790,083</b> | <b>897,716</b> |

As per our report of even date attached.

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

  
Mansi Pardiwala  
Partner  
Membership No: 108511

Mumbai  
08 September 2021

For and on behalf of the Board of Directors of  
Ideaforge Technology Private Limited  
CIN : U31401MH2007PTC167669

  
Rabul Singh  
Whole Time Director  
DIN: 02106568

Mumbai  
08 September 2021

  
Ankit Mehta  
Whole Time Director  
DIN: 02108289

Mumbai  
08 September 2021



# Ideaforge Technology Private Limited

## Notes to the financial statements

for year ended 31 March 2021

(Currency: Indian Rupees)

### 1 Background

IdeaForge Technology Private Limited (the Company) is a company incorporated in India on 8 February 2007. The Company is primarily engaged in the business of manufacture and marketing of UAV systems which are used for security and surveillance. The ancillary business of providing training and maintenance service evolve around the main business of manufacture and marketing of UAV systems.

### 2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and comply with the Accounting standards prescribed under Section 133 of the Companies Act, 2013 (The Act) read with Rule 7 of the Companies (Accounts) Rules, 2014, read with companies (Accounting Standards) Amendment Rules, 2016 applicable with effect from 1 April 2016 and other relevant provisions of the Companies Act, 2013, to the extent notified and applicable.

The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 2013. Accordingly, the Company has complied with the Accounting Standards applicable to SMC, except for the preparation and disclosure of the cash flow statement which have been prepared in accordance with the requirements of the Companies Act, 2013 and preparation and disclosure of employee benefit in accordance with requirements of AS-15 Employee benefits.

#### 2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, income and expenses and disclosure of contingent liabilities on the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### 2.3 Current-non current classification

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current.

##### Assets

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

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

##### Liabilities

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

- it is expected to be settled in the Company's normal operating cycle;
  - it is held primarily for the purpose of being traded;
  - it is due to be settled within 12 months after the reporting date; or
  - the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.
- Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.



# Ideaforge Technology Private Limited

## Notes to the financial statements (Continued)

for year ended 31 March 2021

(Currency: Indian Rupees)

### 2 Significant accounting policies (Continued)

#### 2.4 Operating cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out above which are in accordance with the Schedule III to the Act.

Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current - non-current classification of assets and liabilities

#### 2.5 Property, plant and equipment and depreciation

Property, Plant and Equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost includes inward freight, duties, taxes and incidental expenses related to the acquisition of the tangible assets.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation on fixed assets is provided on pro-rata basis under the Written Down Value method, in the manner and as per life specified in Part C of Schedule II to the Act, except in case of leasehold improvements which are depreciated over primary lease period, which in management's opinion is reflective of economic useful lives of these fixed assets. Useful life and residual values are reviewed by management at every balance sheet date and adjusted, if appropriate.

#### 2.6 Intangible assets and amortisation

Intangible assets comprise primarily of computer software and product development. Intangible assets are initially recorded at cost and subsequent to recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible asset is amortized over an expected benefit period of three years using straight line method.

The amortisation period and the amortisation method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such changes is accounted for as a change in an accounting estimate.

##### Intangible assets under development

Intangible assets under development includes the cost of patent, trademark and product development costs that are not ready to use at the balance sheet date. Product development costs includes employee benefits expenses including employee stock option expense incurred towards research and development team, raw material consumed, testing charges, other expenses like rent, electricity and other administration and office expenses. Intangible assets under development are not depreciated as these assets are not yet available for use.

#### 2.7 Impairment of assets

In accordance with Accounting Standard 28 on 'Impairment of assets', the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

#### 2.8 Revenue recognition

Revenue from sale of products is recognised when all significant risks and rewards of ownership of products are passed on to the customers (on dispatch to the customer). Sales are stated net of trade discounts and sales returns and exclude sales tax.

Sale of services income includes the revenue from annual maintenance contract and repairs and maintenance and training, it is recognized as and when services are rendered and related cost incurred, in accordance with terms of contract/order. Income from services are recognized net of tax.

Dividend income is recognised when the right to receive the same is established.

Interest income is recognised on the time proportion basis.

#### 2.9 Inventories

Inventories comprises of raw material, work in progress and finished goods. Inventories are valued at lower of cost and net realisable value. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Inventories are valued at lower of cost and net realisable value; cost is determined on FIFO basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.



# Ideaforge Technology Private Limited

## Notes to the financial statements (Continued)

for year ended 31 March 2021

(Currency: Indian Rupees)

### 2 Significant accounting policies (Continued)

#### 2.10 Operating lease

Leases, where the lessor effectively retains substantially all the risk and benefits of ownership, of the leased assets during the lease term are classified, as operating leases. Operating lease expenditure is recognized in Statement of Profit and Loss on straight line basis over the leased term.

#### 2.11 Employee benefits

##### (a) Short-term benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as privilege leave and sickness leave. Compensated absences are recognized when the employee render service that increases their entitlement to future compensated absence. Employee can carry forward and avail leave as per the policy of the Company. Compensated absences have been provided for, based on outstanding leave balance and the employee's basic pay.

##### (b) Post-employment benefits

###### (i) Defined contribution plan

The Company's contributions towards provident fund is defined contribution scheme. The Company's contribution paid/payable under the schemes is recognised as expense in the statement of profit and loss account during the period in which the employee renders the related service.

###### (ii) Defined benefit plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the Balance Sheet date.

Actuarial gains and losses are recognized immediately in the statement of profit and loss.

###### (ii) Employee stock option schemes

Compensation cost is measured as the excess, if any, of the fair value of the underlying stock over the exercise price at the grant date and amortised over the vesting period over which the employees would become unconditionally entitled to apply for the shares.

#### 2.12 Foreign currency transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss of the year.

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end closing exchange rate and the resultant exchange differences are recognised in the statement of profit and loss. Non-monetary foreign currency items are carried at cost.

#### 2.13 Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in statement of profit or loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

#### 2.14 Earnings per share (EPS)

Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive.



## Ideaforge Technology Private Limited

### Notes to the financial statements (Continued)

for year ended 31 March 2021

(Currency: Indian Rupees)

#### 2 Significant accounting policies (Continued)

##### 2.15 Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the assets and related income are recognized in the period in which the change occurs.

##### 2.16 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprises cash at banks, cash on hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.



# Ideaforge Technology Private Limited

## Notes to financial statements (Continued)

as at 31 March 2021

(Currency : Indian Rupees)

|   | 31 March 2021    | 31 March 2020    |
|---|------------------|------------------|
| <b>3 Share capital</b>  |                  |                  |
| <b>Authorised</b>   |                  |                  |
| 2,25,000 (previous year: 2,25,000) Equity Shares of INR 10 each   | 2,250,000        | 2,250,000        |
| 75,000 (previous year: 75,000) Preference Shares of INR 10 each   | 750,000          | 750,000          |
|   | <u>3,000,000</u> | <u>3,000,000</u> |
| <b>Issued, subscribed and paid-up</b>   |                  |                  |
| 88,930 (previous year: 88,630) equity shares of INR 10 each, fully paid up  | 889,300          | 886,300          |
| 1,100 (previous year: 1,100) equity shares of INR 10 each, partly paid up   | 1,100            | 1,100            |
| 328 (previous year: 328) Series A1 0.01% Compulsorily Convertible Cumulative Preference Shares of INR 10 each, 1 fully paid-up.     | 328              | 328              |
| 38,145 (previous year: 38,145) Series A 0.001% Compulsorily Convertible Cumulative Preference Shares of INR 10 each, fully paid-up. | 381,450          | 381,450          |
|   | <u>1,272,178</u> | <u>1,269,178</u> |

**(a) Reconciliation of the number of shares outstanding at the beginning and end of the reporting year**

|  | 31 March 2021 |                | 31 March 2020 |                |
|--|---------------|----------------|---------------|----------------|
|  | Number        | Amount         | Number        | Amount         |
| <b>Equity Shares</b>   |               |                |               |                |
| Number of equity shares outstanding at the beginning of the year | 89,730        | 887,400        | 88,630        | 886,300        |
| Add: Issued during the year                                      | 300           | 3,000          | 1,100         | 1,100          |
| Number of equity shares outstanding at the end of the year       | <u>90,030</u> | <u>890,400</u> | <u>89,730</u> | <u>887,400</u> |

|  | 31 March 2021 |                | 31 March 2020 |                |
|--|---------------|----------------|---------------|----------------|
|  | Number        | Amount         | Number        | Amount         |
| <b>Series A1 0.01% Compulsorily convertible cumulative preference shares (CCPS-A1)</b> |               |                |               |                |
| Number of CCPS shares outstanding at the beginning of the year                         | 328           | 328            | 328           | 328            |
| Add: Issued during the year  | -             | -              | -             | -              |
| Number of CCPS shares outstanding at the end of the year                               | <u>328</u>    | <u>328</u>     | <u>328</u>    | <u>328</u>     |
| <b>Series A 0.001% Compulsorily convertible cumulative preference shares (CCPS-A)</b>  |               |                |               |                |
| Number of CCPS shares outstanding at the beginning of the year                         | 38,145        | 381,450        | 38,145        | 381,450        |
| Add: Issued during the year  | -             | -              | -             | -              |
| Number of CCPS shares outstanding at the end of the year                               | <u>38,145</u> | <u>381,450</u> | <u>38,145</u> | <u>381,450</u> |

**(b) Rights, preferences and restrictions attached to equity shares:**

The Company has a single class of equity shares. All equity shares carry one vote per share without restrictions and are entitled to dividend after preference dividend, as and when declared. In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The Distribution will be in proportion to the number of equity shares held by the shareholders.

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

**Rights, preferences and restrictions attached to preference shares:**

**Series A1**

Compulsorily convertible cumulative preference shares were issued at par in December, 2016. All preference shares carry voting rights as per the provision of the Companies Act, 2013. These preference shares are convertible in to equity shares with in 6 years from the date of allotment. The preference shares are entitled to cumulative dividend @ 0.01% in preference to equity shares, as and when declared. Where dividend on cumulative preference shares is not declared for a financial year, the entitlement thereto is carried forward. Each Preference share is convertible in to 1 Equity Share of INR 10 each in accordance with the Securities Subscription Agreement.



# Ideaforge Technology Private Limited

## Notes to financial statements (Continued)

as at 31 March 2021

(Currency : Indian Rupees)

### 3 Share capital (Continued)

#### Series A

Compulsorily convertible cumulative preference shares were issued at par in December, 2017. All preference shares carry voting rights as per the provision of the Companies Act, 2013. These preference shares are convertible in to equity shares with in 20 years from the date of allotment. The preference shares are entitled to cumulative dividend @ 0.001% in preference to equity shares, as and when declared. Where dividend on cumulative preference shares is not declared for a financial year, the entitlement thereto is carried forward. Each Preference share is convertible in to 1 Equity Share of INR 10 each in accordance with the Securities Subscription Agreement.

#### (c) Details of shareholders holding more than 5% of share capital

##### Equity shares

| Name          | 31 March 2021    |                       | 31 March 2020    |                       |
|---------------|------------------|-----------------------|------------------|-----------------------|
|               | Number of Shares | Percentage of Holding | Number of Shares | Percentage of Holding |
| Ankit Mehta   | 16,174           | 17.97%                | 16,174           | 18.03%                |
| Aashish Dhat  | 15,695           | 17.43%                | 15,695           | 17.49%                |
| Rahul Singh   | 15,695           | 17.43%                | 15,695           | 17.49%                |
| Sujata Vemuri | 9,995            | 11.10%                | 11,495           | 12.81%                |
| Vipul Joshi   | 6,260            | 6.95%                 | 6,260            | 6.98%                 |

##### Preference shares series A1

| Name                         | 31 March 2021    |                       | 31 March 2020    |                       |
|------------------------------|------------------|-----------------------|------------------|-----------------------|
|                              | Number of Shares | Percentage of Holding | Number of Shares | Percentage of Holding |
| Trifecta Venture Debt Fund I | 328              | 100%                  | 328              | 100%                  |

##### Preference shares series A

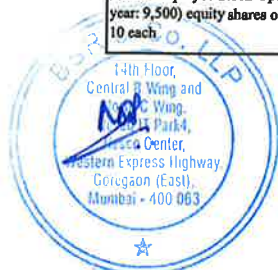
| Name                               | 31 March 2021    |                       | 31 March 2020    |                       |
|------------------------------------|------------------|-----------------------|------------------|-----------------------|
|                                    | Number of Shares | Percentage of Holding | Number of Shares | Percentage of Holding |
| WRV II Mauritius                   | 16,323           | 42.79%                | 16,323           | 42.79%                |
| Indusage Technology Venture Fund I | 9,075            | 23.79%                | 9,075            | 23.79%                |
| Infosys Limited                    | 5,402            | 14.16%                | 5,402            | 14.16%                |
| Qualcomm Asia Pacific PTE Limited  | 5,402            | 14.16%                | 5,402            | 14.16%                |
| WRV B-II Mauritius                 | 1,943            | 5.09%                 | 1,943            | 5.09%                 |

#### (d) Employee stock options

Shares reserved for issue under options granted to employees are described in note 30.11 regarding employee share based payments.

#### (e) Shares reserved for issue under options

|   | 31 March 2021    |         | 31 March 2020    |         |
|---|------------------|---------|------------------|---------|
|   | Number of Shares | Amount  | Number of Shares | Amount  |
| For compulsorily convertible cumulative preference shares (CCPS-A1):<br>328 equity shares of INR 10 each (also refer to rights, preferences and restrictions attached to preference shares)   | 328              | 3,280   | 328              | 3,280   |
| For compulsorily convertible cumulative preference shares (CCPS-A):<br>38,145 equity shares of INR 10 each (also refer to rights, preferences and restrictions attached to preference shares) | 38,145           | 381,450 | 38,145           | 381,450 |
| Under Employee Stock Option Scheme, 2021: 9,709 (previous year: 9,500) equity shares of INR 10, at an excise price of INR 10 each.  | 9,709            | 97,090  | 9,500            | 95,000  |



# Ideaforge Technology Private Limited

## Notes to financial statements (Continued)

as at 31 March 2021

(Currency : Indian Rupees)

|   | 31 March 2021             | 31 March 2020             |
|---|---------------------------|---------------------------|
| <b>4 Reserve and surplus</b>  |                           |                           |
| <b>Securities premium account (refer note a)</b>                                    |                           |                           |
| Balance as at the beginning of the year   | 890,123,131               | 890,123,131               |
| Add: Received during the year (refer note d)  | 5,472,579                 | -                         |
| Closing balance as at the end of the year   | <u>895,595,710</u>        | <u>890,123,131</u>        |
| <b>Debenture redemption reserve (refer note b)</b>                                  |                           |                           |
| Balance as at the beginning of the year   | 5,000,000                 | 5,000,000                 |
| Add: Amount transferred from surplus  | -                         | -                         |
| Closing balance as at the end of the year   | <u>5,000,000</u>          | <u>5,000,000</u>          |
| <b>(Deficit) / Surplus (refer note c)</b>   |                           |                           |
| Balance as at the beginning of the year   | (241,072,552)             | (105,703,612)             |
| Add: (Loss) for the year  | (142,861,311)             | (135,368,940)             |
| Closing balance as at the end of the year   | <u>(383,933,862)</u>      | <u>(241,072,552)</u>      |
| <b>Employee stock option reserve (refer note d)</b>                                 |                           |                           |
| Balance as at the beginning of the year   | 29,422,447                | 22,426,266                |
| Employee compensation expense for the year  | 62,063,353                | 6,996,181                 |
| Transferred to securities premium account/share capital on exercise of stock option | (5,472,579)               | -                         |
| Closing balance as at the end of the year   | <u>86,013,221</u>         | <u>29,422,447</u>         |
| <b>Total</b>  | <u><u>602,675,069</u></u> | <u><u>683,473,026</u></u> |

**(a) Securities premium account**

Securities premium account represents securities premium received on issue of shares and has been utilised for writing of share issue expenses in accordance with the provisions of Section 52 of Companies Act, 2013.

**(b) Debenture redemption reserve**

The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), requires the Company to create Debenture Redemption Reserve out of profits of the Company available for payment of dividend.

**(c) (Deficit) / Surplus**

Surplus are the profits / losses that the Company has earned / incurred till date, less any transfers to general reserve, debenture redemption reserve, dividends or other distributions paid to shareholders.

**(d) Employee Stock Option Scheme**

The Company's Board of Directors had passed a resolution in the board meeting dated 27 February 2017 authorising the Company for implementation of Employees Stock Option Scheme. This scheme has been implemented on 2 May 2018.

## 5 Long-term borrowings

**Secured debentures**

300 (Previous year: NIL) 16% Redeemable Non Convertible Debentures of INR 5,00,000 each [Refer Note (a) below] 75,000,000 -

**Term loans (Secured)**

From Banks [Refer Note (b) below] 237,354 569,857

**Unsecured Debentures**

15,438 (Previous year: NIL) Compulsorily Convertible Debentures of INR 19,300 each [Refer Note (c) below] 297,953,400 -

373,190,754 569,857

**Note (a)**

Unlisted 16% secured redeemable non convertible debentures are issued to Blacksoil India Credit Limited, the same are repayable within 24 months from the date of allotment as per the Debentures deed agreement. There is a moratorium period of 4 months for principal repayment. These debentures are secured against the personal guarantee of the promoters and a pari passu first charge over book debts, inventories, movable assets, others assets acquired by the Company.

**Note (b)**

Vehicle loan from ICICI Bank is secured by vehicle, carrying interest rate of 8.25% per annum. The loan is repayable in 59 equal installments commencing from January 2018.

**Note (c)**

Unlisted Compulsorily convertible debentures are issued to IndusAge, WRV II B and WVR II, Qualcomm, Infosys Ltd, the same are converted in equity share within 24 months from the date of allotment as per the Debentures Subscription agreement.



# Ideaforge Technology Private Limited

## Notes to financial statements (Continued)

as at 31 March 2021

(Currency : Indian Rupees)

### 6 Other long-term liabilities

|   | 31 March 2021  | 31 March 2020    |
|---|----------------|------------------|
| Liability towards lease rent equalisation | 370,600        | 1,089,300        |
|   | <u>370,600</u> | <u>1,089,300</u> |

### 7 Long term-provisions

|                                    |                   |                   |
|------------------------------------|-------------------|-------------------|
| Provision for employee benefits    |                   |                   |
| Provision for gratuity             | 13,608,561        | 10,982,185        |
| Provision for compensated absences | 5,418,994         | 3,645,910         |
|                                    | <u>19,027,555</u> | <u>14,628,095</u> |

### 8 Short term-borrowings

|                                |                   |                   |
|--------------------------------|-------------------|-------------------|
| Overdraft facilities from bank | 52,600,847        | 52,128,721        |
|                                | <u>52,600,847</u> | <u>52,128,721</u> |

### 9 Trade payables

|  |                   |                  |
|--|-------------------|------------------|
| Total outstanding dues of micro enterprises and small enterprises (Refer Note 30.9)    | 18,713,854        | 2,413,524        |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 28,763,912        | 5,818,377        |
|  | <u>47,477,766</u> | <u>8,231,901</u> |

### 10 Other current liabilities

|  |                    |                   |
|--|--------------------|-------------------|
| Current maturities of long-term debt       |                    |                   |
| - Secured debentures*                      | 75,000,000         | -                 |
| - From Banks*                              | 332,503            | 306,260           |
| Interest accrued but not due on borrowings | 3,918              | 6,023             |
| Employee benefits payable                  | 49,519,158         | 18,032,225        |
| Statutory dues payables                    | 2,989,618          | 2,734,999         |
| Advance from customers                     | 2,825,478          | 2,016,868         |
| Other payables                             | 554,374            | 200,364           |
|  | <u>131,225,049</u> | <u>23,296,739</u> |

\* For security and repayment terms, refer note 5



# Ideaforge Technology Private Limited

## Notes to financial statements (Continued)

as at 31 March 2021

(Currency : Indian Rupees)

### 11 Short-term provisions

|  |                  |                  |
|--|------------------|------------------|
| <b>Provision for employee benefits</b> |                  |                  |
| Provision for gratuity                 | 1,174,810        | 1,260,719        |
| Provision for compensated absences     | 1,238,820        | 827,969          |
| <b>Others</b>                          |                  |                  |
| Provision for liquidated damages       | 1,984,500        | 957,825          |
| Provision for warranty                 | 2,781,997        | 1,750,000        |
|  | <u>7,180,127</u> | <u>4,796,513</u> |

#### *Liquidated damages*

Liquidated damages are contractual obligations affecting the revenue in case of the UAV systems delivery arising as a result of penalties arising from delays caused in the completion of a delivery. For delivery delayed beyond the stipulated delivery completion periods, management has estimated the liability that could arise on these contracts.

#### Additional disclosure relating to provision for liquidated damages

|                                    | 31 March 2021    | 31 March 2020  |
|------------------------------------|------------------|----------------|
| At the commencement of the year    | 957,825          | -              |
| Provision made during the year     | 2,133,501        | 957,825        |
| Provision utilised during the year | (1,106,826)      | -              |
| At the end of the year             | <u>1,984,500</u> | <u>957,825</u> |

#### *Warranty*

The Company records provision towards warranty for products wherein it has obligation for two years. Accordingly, provision had been recognised on the basis of management's expectation of warranty claims on such products.

#### Additional disclosure relating to provision for warranty

|                                    | 31 March 2021    | 31 March 2020    |
|------------------------------------|------------------|------------------|
| At the commencement of the year    | 1,750,000        | 300,000          |
| Provision made during the year     | 2,482,606        | 1,450,000        |
| Provision utilised during the year | (1,450,609)      | -                |
| At the end of the year             | <u>2,781,997</u> | <u>1,750,000</u> |



## Ideaforge Technology Private Limited

### Notes to financial statements (Continued)

as at 31 March 2021

(Currency : Indian Rupees)

#### 12 (a) Property, Plant and Equipment

|                        | Gross Block        |                   | Deletions during the year | Depreciation as at |                   | Depreciation for the year | Accumulated depreciation on disposals | Net Block         |                     |
|------------------------|--------------------|-------------------|---------------------------|--------------------|-------------------|---------------------------|---------------------------------------|-------------------|---------------------|
|                        | As at 1 April 2020 | As at 31 Mar 2021 |                           | As at 1 April 2020 | As at 31 Mar 2021 |                           |                                       | As at 31 Mar 2021 | As at 31 March 2020 |
| <b>Tangible assets</b> |                    |                   |                           |                    |                   |                           |                                       |                   |                     |
| Plant and Machinery    | 3,973,698          | 6,074,258         | -                         | 1,939,072          | 428,480           | -                         | 2,367,552                             | 3,706,706         | 2,024,626           |
| Vehicles               | 2,683,746          | 2,683,746         | -                         | 1,922,236          | 237,821           | -                         | 2,160,057                             | 523,689           | 761,510             |
| Computer               | 11,468,211         | 11,937,319        | -                         | 9,642,343          | 1,033,856         | -                         | 10,676,199                            | 1,261,120         | 1,825,868           |
| Office Equipments      | 1,952,338          | 2,015,746         | -                         | 1,323,515          | 292,982           | -                         | 1,616,497                             | 399,249           | 628,823             |
| Electrical Equipments  | 1,395,614          | 1,440,908         | -                         | 690,958            | 191,767           | -                         | 882,725                               | 558,183           | 704,656             |
| Furniture and Fixtures | 7,848,774          | 8,038,774         | -                         | 4,910,270          | 765,183           | -                         | 5,675,453                             | 2,363,321         | 2,938,504           |
| Leasehold Improvements | 12,027,684         | 12,135,144        | -                         | 7,447,105          | 3,039,967         | -                         | 10,487,072                            | 1,648,072         | 4,580,579           |
| <b>Total</b>           | <b>41,350,065</b>  | <b>44,325,895</b> | <b>-</b>                  | <b>27,875,499</b>  | <b>5,990,857</b>  | <b>-</b>                  | <b>33,865,555</b>                     | <b>10,468,340</b> | <b>13,474,566</b>   |

|                        | Gross Block        |                     | Deletions during the year | Depreciation as at |                     | Depreciation for the year | Accumulated depreciation on disposals | Net Block           |                     |
|------------------------|--------------------|---------------------|---------------------------|--------------------|---------------------|---------------------------|---------------------------------------|---------------------|---------------------|
|                        | As at 1 April 2019 | As at 31 March 2020 |                           | As at 1 April 2019 | As at 31 March 2020 |                           |                                       | As at 31 March 2020 | As at 31 March 2019 |
| <b>Tangible assets</b> |                    |                     |                           |                    |                     |                           |                                       |                     |                     |
| Plant and Machinery    | 3,973,698          | 3,973,698           | -                         | 1,489,419          | 449,653             | -                         | 1,939,072                             | 2,034,626           | 2,484,279           |
| Vehicles               | 2,683,746          | 2,683,746           | -                         | 1,576,418          | 345,818             | -                         | 1,922,236                             | 761,510             | 1,107,328           |
| Computer               | 10,204,492         | 11,468,211          | -                         | 7,252,946          | 2,388,397           | -                         | 9,642,343                             | 1,825,868           | 2,951,546           |
| Office Equipments      | 1,715,875          | 1,952,338           | -                         | 921,252            | 402,263             | -                         | 1,323,515                             | 628,823             | 794,623             |
| Electrical Equipments  | 1,096,520          | 1,395,614           | -                         | 499,007            | 191,951             | -                         | 690,958                               | 704,656             | 597,513             |
| Furniture and Fixtures | 7,848,774          | 7,848,774           | -                         | 3,884,178          | 1,026,092           | -                         | 4,910,270                             | 2,938,504           | 3,964,596           |
| Leasehold Improvements | 12,006,953         | 12,027,684          | -                         | 4,405,685          | 3,041,420           | -                         | 7,447,105                             | 4,580,579           | 7,601,268           |
| <b>Total</b>           | <b>39,530,058</b>  | <b>41,350,065</b>   | <b>-</b>                  | <b>20,038,905</b>  | <b>7,844,594</b>    | <b>-</b>                  | <b>27,875,499</b>                     | <b>13,474,566</b>   | <b>19,501,153</b>   |



## Ideaforge Technology Private Limited

### Notes to financial statements (Continued)

as at 31 March 2021

(Currency : Indian Rupees)

#### 12 (b) Property, Plant and Equipment

|  | Gross Block           |                              |                              |                        | Amortisation      |   | Net Block              |                        |
|--|-----------------------|------------------------------|------------------------------|------------------------|-------------------|---|------------------------|------------------------|
|  | As at<br>1 April 2020 | Additions<br>during the year | Deletions<br>during the year | As at<br>31 March 2021 | For the year      | Accumulated<br>amortisation on<br>disposals | As at<br>31 March 2021 | As at<br>31 March 2020 |
| <b>Intangible Assets</b>                       |                       |                              |                              |                        |                   |   |                        |                        |
| Software                                       | 9,304,904             | 320,000                      | -                            | 9,624,904              | 2,429,514         | -   | 2,858,666              | 4,968,180              |
| Patent   | 626,933               | 393,450                      | -                            | 1,020,383              | 37,679            | -   | 890,453                | 534,682                |
| Product development                            | 111,465,183           | 118,014,946                  | -                            | 229,480,129            | 22,900,978        | -   | 117,403,414            | 16,962,747             |
| <b>Total</b>                                   | <b>121,397,020</b>    | <b>118,728,396</b>           | <b>-</b>                     | <b>240,125,416</b>     | <b>25,468,171</b> | <b>-</b>                                    | <b>115,825,834</b>     | <b>22,465,609</b>      |
| Patents under development                      | 7,090,111             | 3,062,832                    | 393,450                      | 9,759,493              | -                 | -   | 9,759,493              | -                      |
| Product under development                      | 161,265,502           | 89,209,399                   | 118,014,946                  | 132,459,955            | -                 | -   | 132,459,955            | -                      |
| <b>Intangible Assets under<br/>development</b> | <b>168,355,613</b>    | <b>92,272,231</b>            | <b>118,408,396</b>           | <b>142,219,448</b>     | <b>-</b>          | <b>-</b>                                    | <b>142,219,448</b>     | <b>-</b>               |

|  | Gross Block           |                              |                              |                        | Amortisation      |   | Net Block              |                        |
|--|-----------------------|------------------------------|------------------------------|------------------------|-------------------|---|------------------------|------------------------|
|  | As at<br>1 April 2019 | Additions<br>during the year | Deletions<br>during the year | As at<br>31 March 2020 | For the year      | Accumulated<br>amortisation on<br>disposals | As at<br>31 March 2020 | As at<br>31 March 2019 |
| <b>Intangible Assets</b>                       |                       |                              |                              |                        |                   |   |                        |                        |
| Software                                       | 5,360,160             | 3,944,744                    | -                            | 9,304,904              | 1,933,646         | -   | 4,336,724              | 2,957,064              |
| Patent   | 212,300               | 414,633                      | -                            | 626,933                | 37,888            | -   | 92,251                 | 157,937                |
| Product development                            | 98,984,802            | 12,480,381                   | -                            | 111,465,183            | 13,256,708        | -   | 94,502,436             | 17,739,074             |
| <b>Total</b>                                   | <b>194,557,262</b>    | <b>16,839,758</b>            | <b>-</b>                     | <b>121,397,020</b>     | <b>15,228,242</b> | <b>-</b>                                    | <b>98,931,411</b>      | <b>20,854,075</b>      |
| Patents under development                      | 3,416,860             | 4,087,884                    | 414,633                      | 7,090,111              | -                 | -   | 7,090,111              | -                      |
| Product under development                      | 87,604,252            | 86,141,631                   | 12,480,381                   | 161,265,502            | -                 | -   | 161,265,502            | -                      |
| <b>Intangible Assets under<br/>development</b> | <b>91,021,112</b>     | <b>90,229,515</b>            | <b>12,895,014</b>            | <b>168,355,613</b>     | <b>-</b>          | <b>-</b>                                    | <b>168,355,613</b>     | <b>-</b>               |



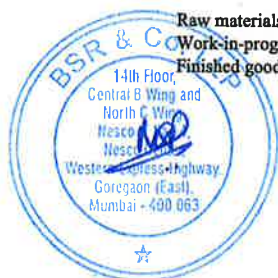
# Ideaforge Technology Private Limited

## Notes to financial statements (Continued)

as at 31 March 2021

(Currency : Indian Rupees)

|   | 31 March 2021      | 31 March 2020      |
|---|--------------------|--------------------|
| <b>13 Deferred tax assets</b>   |                    |                    |
| <b>Deferred tax assets</b>  |                    |                    |
| Excess of depreciation as per books over Income-tax Act, 1961   | 30,005,037         | 7,535,133          |
| Carried forward business loss   | 61,566,651         | 32,119,649         |
| Provision for employee benefits   | 5,574,708          | 4,346,364          |
| Expenses disallowed under Income-tax Act, 1961  | 46,800             | 60,060             |
| Provision for warranty  | 723,319            | 377,000            |
| Rent equalisation reserve   | 96,356             | 283,218            |
| <b>Deferred tax assets</b>  | <b>98,012,871</b>  | <b>44,721,424</b>  |
| <b>Deferred tax assets recognised</b>   | <b>-</b>           | <b>-</b>           |
| <p>As per the Accounting Standard 22, "Accounting for taxes on income", the Company would have deferred tax assets of INR 98,012,871 (previous year: INR 4,47,21,424). However, in view of carried forward business losses, the deferred tax assets of INR 98,012,871 (previous year: INR 4,47,21,424) are not recognised, as they are not considered to be virtually certain of realisation based on current orders in hand.</p> |                    |                    |
| <b>14 Long-term loans and advances</b>  |                    |                    |
| <i>(Unsecured, considered good)</i>   |                    |                    |
| <b>To parties other than related parties</b>  |                    |                    |
| Advance tax (net of provision)  | 9,112,359          | 9,569,733          |
| Balance with government authorities   | 1,530,000          | 1,530,000          |
| Security deposits   | 2,005,000          | 2,005,000          |
| Earnest money deposit with customers  | 1,287,500          | 1,008,480          |
| Prepaid expenses  | 294,241            | 2,530,153          |
|   | <b>14,229,100</b>  | <b>16,643,366</b>  |
| <b>15 Other non current assets</b>  |                    |                    |
| <i>(Unsecured, considered good)</i>   |                    |                    |
| <b>To parties other than related parties</b>  |                    |                    |
| Deposit with original maturity period of more than 12 months  | 135,916,439        | 93,190,637         |
|   | <b>135,916,439</b> | <b>93,190,637</b>  |
| <b>16 Current investments</b>   |                    |                    |
| <b>Quoted</b>   |                    |                    |
| Investment in mutual funds  |                    |                    |
| Nil (previous year: 111,915.31) units of HDFC Money Market Fund, fully paid-up  | -                  | 119,037,601        |
|   | <b>-</b>           | <b>119,037,601</b> |
| <b>Market value of quoted investments</b>   |                    |                    |
| Aggregate book value of quoted investments  | -                  | 119,037,601        |
| Aggregate market value of quoted investments  | -                  | 119,037,601        |
| <b>17 Inventories (Valued at lower of cost and net realisable value)</b>  |                    |                    |
| Raw materials   | 140,456,401        | 52,765,897         |
| Work-in-progress  | 6,718,285          | 2,994,391          |
| Finished goods  | 87,021,721         | 52,787,805         |
|   | <b>234,196,406</b> | <b>108,548,093</b> |



# Ideaforge Technology Private Limited

## Notes to financial statements (Continued)

as at 31 March 2021

(Currency : Indian Rupees)

|   | 31 March 2021      | 31 March 2020      |
|---|--------------------|--------------------|
| <b>18 Trade receivables</b>   |                    |                    |
| <b>Receivables outstanding for a period exceeding six months from the date they are due for payment</b> |                    |                    |
| Unsecured, considered good  | 21,790,343         | 37,103,672         |
|   | <u>21,790,343</u>  | <u>37,103,672</u>  |
| <b>Receivables others</b>   |                    |                    |
| Unsecured, considered good  | 213,509,440        | 67,165,209         |
|   | <u>213,509,440</u> | <u>67,165,209</u>  |
| <b>Total</b>  | <u>235,299,783</u> | <u>104,268,881</u> |

## 19 Cash and bank balances

|   |                    |                   |
|---|--------------------|-------------------|
| <b>Cash and cash equivalents</b>  |                    |                   |
| Cash on hand  | 189,121            | 245,034           |
| <b>Balance with banks</b>   |                    |                   |
| - in Current accounts #   | 12,600,962         | 652,682           |
| <b>Other balance with bank:</b>   |                    |                   |
| Balance with banks - in fixed deposit accounts (with original maturity of more than 3 months but less than 12 months) | 194,417,968        | 84,364,924        |
|   | <u>207,208,051</u> | <u>85,262,640</u> |

# The Company has availed the cash credit facility of INR 80,000,000 (Previous year: INR 60,000,000) from RBL bearing interest rate of 13% p.a. The same is secured by hypothecation of the entire stock of raw materials, packing materials, semi finished and finished goods and entire book debts. At the year end there was a Credit balance in the account.

# Long term deposit referred in Note 14 and short term deposits as above are pledged with RBL Bank Limited and Union Bank of India as collateral for issue of performance bank guarantee to the customers. The amount sanctioned by RBL bank Limited is INR 100,000,000 (previous year: INR 80,000,000)

## 20 Short-term loans and advances

(Unsecured, considered good)

|  |                    |                   |
|--|--------------------|-------------------|
| <b>To other than related parties</b>     |                    |                   |
| Advances to employees                    | 801,869            | 888,076           |
| Advance for supply of goods and services | 37,364,468         | 2,440,852         |
| Balance with government authorities      | 82,673,074         | 39,850,604        |
| Prepaid expenses                         | 5,351,741          | 1,529,139         |
| Security deposits                        | 1,613,018          | 1,388,018         |
| Earnest money deposit with customers     | -                  | 505,522           |
| Other loans and advances                 | 69,417             | 29,358            |
|  | <u>127,873,587</u> | <u>46,631,569</u> |

## 21 Other current assets

(Unsecured, considered good)

|                                      |                   |                   |
|--------------------------------------|-------------------|-------------------|
| <b>To other than related parties</b> |                   |                   |
| Accrued interest on deposits         | 7,539,780         | 10,646,948        |
| Accrued revenue                      | 4,251,177         | -                 |
|                                      | <u>11,790,957</u> | <u>10,646,948</u> |



# Ideaforge Technology Private Limited

## Notes to financial statements (Continued)

for year ended 31 March 2021

(Currency : Indian Rupees)

|   | 31 March 2021       | 31 March 2020       |
|---|---------------------|---------------------|
| <b>22 Revenue from operations</b>                                       |                     |                     |
| Sale of Products  | 312,275,465         | 119,429,424         |
| Sale of Services  | 37,041,565          | 21,520,578          |
|   | <u>349,317,030</u>  | <u>140,950,002</u>  |
| <b>Sale of Products</b>   |                     |                     |
| <b>Particulars</b>  |                     |                     |
| UAVs  | 289,551,175         | 110,320,226         |
| Spare items   | 22,724,290          | 9,109,198           |
|   | <u>312,275,465</u>  | <u>119,429,424</u>  |
| <b>Sale of Services</b>   |                     |                     |
| <b>Particulars</b>  |                     |                     |
| Maintenance services  | 37,041,565          | 21,464,578          |
| Training services   | -                   | 56,000              |
|   | <u>37,041,565</u>   | <u>21,520,578</u>   |
| <b>23 Other income</b>  |                     |                     |
| Interest Income   |                     |                     |
| - on fixed deposits   | 11,245,877          | 12,429,982          |
| Gain on sale of Investment  | -                   | 2,839,121           |
| Dividend received on Mutual fund  | 1,376,083           | 7,658,641           |
| Miscellaneous Income  | 715,854             | 138,409             |
|   | <u>13,337,814</u>   | <u>23,066,153</u>   |
| <b>24 Cost of materials consumed</b>                                    |                     |                     |
| Inventory of raw material at the beginning of the year                  | 52,765,897          | 58,240,143          |
| Add: Purchases of raw material  | 315,173,030         | 80,642,026          |
| Less: Capitalised in intangible assets under development                | 6,490,294           | 9,271,634           |
| Less: Inventory of raw materials at the end of the year                 | 140,456,401         | 52,765,897          |
|   | <u>220,992,232</u>  | <u>76,844,638</u>   |
| <b>25 Changes in inventories of finished goods and work-in-progress</b> |                     |                     |
| Inventory of finished goods at the beginning of the year                | 52,787,805          | 38,002,281          |
| Inventory of work in progress at the beginning of the year              | 2,994,391           | 6,212,959           |
|   | <u>55,782,196</u>   | <u>44,215,240</u>   |
| Inventory of finished goods at the end of the year                      | 87,021,721          | 52,787,805          |
| Inventory of work in progress at the end of the year                    | 6,718,285           | 2,994,391           |
|   | <u>93,740,005</u>   | <u>55,782,196</u>   |
| <b>(Increase) in Inventories</b>  | <u>(37,957,809)</u> | <u>(11,566,956)</u> |
| <b>26 Employee benefits expense</b>                                     |                     |                     |
| Salaries, wages and bonus   | 186,474,748         | 179,184,105         |
| Gratuity expense  | 3,128,768           | 3,978,035           |
| Leave encashment expense  | 2,685,506           | 1,161,700           |
| Contributions to Provident and Other Statutory Funds                    | 4,466,373           | 5,415,479           |
| Staff welfare expenses  | 2,575,148           | 3,899,678           |
| Employee stock option expense (refer note 30.11)                        | 58,880,704          | 5,339,703           |
|   | <u>258,211,247</u>  | <u>198,978,700</u>  |
| Less: Capitalised in intangible assets under development                | (65,865,350)        | (69,075,307)        |
|   | <u>192,345,897</u>  | <u>129,903,393</u>  |



# Ideaforge Technology Private Limited

## Notes to financial statements (Continued)

for year ended 31 March 2021

(Currency : Indian Rupees)

|   | 31 March 2021     | 31 March 2020     |
|---|-------------------|-------------------|
| <b>27 Finance costs</b>                                   |                   |                   |
| Interest expenses on:                                     |                   |                   |
| - Bank cash credit facility                               | 3,204,279         | 1,533,816         |
| - Borrowings  | 6,260,408         | 1,419,725         |
|   | <b>9,464,687</b>  | <b>2,953,541</b>  |
| <b>28 Depreciation and amortisation expense</b>           |                   |                   |
| Depreciation of tangible assets {Refer Note 12(a)}        | 5,990,057         | 7,846,594         |
| Amortisation of intangible assets {Refer Note 12(b)}      | 25,368,171        | 15,228,242        |
|   | <b>31,358,228</b> | <b>23,074,836</b> |
| <b>29 Other expenses</b>                                  |                   |                   |
| Manufacturing expenses                                    | 6,251,097         | 7,820,211         |
| Rent expense  | 8,890,769         | 10,913,625        |
| Less : Capitalised in intangible assets under development | (2,622,285)       | (2,421,762)       |
| Electricity Charges                                       | 693,950           | 1,968,450         |
| Less : Capitalised in intangible assets under development | (468,275)         | (548,381)         |
| Administration and office expenses                        | 8,433,348         | 9,108,699         |
| Less : Capitalised in intangible assets under development | (121,102)         | (115,408)         |
| Bank charges and commission                               | 2,566,320         | 1,349,886         |
| Marketing and advertising expenses                        | 1,186,983         | 1,522,337         |
| Logistic expenses   | 3,760,771         | 1,409,622         |
| Repairs and maintenance expenses                          | 1,445,556         | 1,608,645         |
| Software expenses   | 3,679,144         | 2,893,704         |
| Rates and taxes   | 2,619,177         | 1,423,787         |
| Manpower cost   | 12,691,538        | 3,127,738         |
| Legal and professional expenses                           | 9,535,126         | 10,818,715        |
| Travelling and conveyance expenses                        | 12,016,103        | 18,827,618        |
| Liquidated damages  | 2,133,501         | 957,825           |
| Payment to auditors (Refer Note 30.2)                     | 500,000           | 535,000           |
| Warranty expenses   | 2,482,606         | 1,450,000         |
| Loss on sale of investment                                | 28,653            | -                 |
| Transport charges   | 7,722,410         | 3,068,453         |
| Miscellaneous expenses                                    | 5,887,530         | 2,456,879         |
|   | <b>89,312,920</b> | <b>78,175,643</b> |



# Ideaforge Technology Private Limited

## Notes to the financial statements (Continued) for year ended 31 March 2021

(Currency: Indian rupees )

### 30 Notes to accounts

#### 30.1 Contingent liabilities and capital commitments

| Particulars   | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| <b>Contingent liabilities</b>   |               |               |
| Preference share dividend on convertible cumulative preference shares | 16            | 12            |
| Demands raised by income tax authorities*                             | 35,224,942    | 35,224,942    |
| Demands raised by indirect tax authorities                            | 9,473,477     | -             |

(a) \* During the previous year the Assessing officer (AO) while finalizing the assessment for FY 2016-17 has made disallowances of share premium by rejecting the Discounted Cash Flow (DCF) method of valuation of shares and in place of the DCF method, the AO has adopted Net Asset Value (NAV) method and consequently has raised an Income tax demand of INR 35,224,942. Subsequently the Company has filed an appeal with Commissioner of Income Tax (Appeal) against the AO order and filed application for stay of demand. Further the Company has also paid an advance at the time of filing the appeal which is included under Balance with government authorities of INR 1,530,000. Based on management's internal assessment given the relatively preliminary nature of the litigation, considering various favorable cases in this regards and advise from the Company's consultants, management is of the view that they have a good case and likelihood that the litigation will go against the Company is remote. However, due to the nature of the case, the Company has disclosed the litigation as contingent liability.

(b) In respect of Supreme Court Judgement on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. In view of the management, the liability for the period from the date of the SC order to 31 March 2019 is not significant and has not been given effect to in the books of account.

#### 30.2 Payment to auditor's (excluding taxes)

| Particulars            | 31 March 2021  | 31 March 2020  |
|------------------------|----------------|----------------|
| Statutory Audit        | 500,000        | 500,000        |
| Out of pocket expenses | -              | -              |
|                        | <u>500,000</u> | <u>500,000</u> |

#### 30.3 Disclosure pursuant to Accounting Standard - 15 (Revised) 'Employee Benefits'

##### Defined contribution plans: -

| Particulars  | 31 March 2021 | 31 March 2020 |
|--|---------------|---------------|
| Company's contribution to defined contribution funds (Provident Fund) has been charged to the statement of profit and loss | 4,466,373     | 4,569,933     |

##### Defined benefit plan: -

###### General description

###### Gratuity (defined benefit plan)

The Company has defined benefit gratuity plan. Every employee who has completed five years or more of service gets gratuity on death or resignation or retirement at 15 days salary (last drawn) for each completed year if service subject to maximum payment of INR 20,00,000.

###### Compensated absences (Short term employment benefits)

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. Compensated absences are recognized when the employee render service that increases their entitlement to future compensated absence. Employee can carry forward and avail leave as per the policy of the Company. Compensated absences have been provided for, based on outstanding leave balance and the employee's basic pay.



# Ideaforge Technology Private Limited

## Notes to the financial statements (Continued) for year ended 31 March 2021

(Currency: Indian rupees )

### 30 Notes to accounts (Continued)

#### 30.3 Disclosure pursuant to Accounting Standard - 15 (Revised) 'Employee Benefits' (Continued)

##### Change in the present value of the defined benefit obligation

|   | 31 March 2021  | 31 March 2020  |
|---|----------------|----------------|
| <b>I Changes in defined benefit obligation</b>                  |                |                |
| Liability at the beginning of the year                          | 12,242,904     | 8,820,365      |
| Interest Cost   | 966,188        | 820,251        |
| Current service cost  | 2,916,605      | 2,352,778      |
| Past service cost (vested benefit) incurred during the year     | -              | -              |
| Benefits paid   | (588,301)      | (555,496)      |
| Benefits payable  | -              | -              |
| Actuarial (gain) / loss on obligations                          | (754,025)      | 805,006        |
| Liability at the end of the year                                | 14,783,371     | 12,242,904     |
| <b>II Changes in present value of plan assets</b>               |                |                |
| Fair value of plan assets at the beginning of the year          | -              | -              |
| Expected return on plan assets                                  | -              | -              |
| Employer Contributions  | -              | -              |
| Benefits paid   | -              | -              |
| Actuarial (gain)/loss on plan assets                            | -              | -              |
| Fair value of plan assets at the end of the year                | -              | -              |
| Funded status   | -              | -              |
| <b>III Actual return on plan assets</b>                         |                |                |
| Expected return on plan assets                                  | -              | -              |
| Actuarial (gain)/loss on plan assets                            | -              | -              |
| Actual return on plan assets                                    | -              | -              |
| <b>IV Net liability recognised in the balance sheet</b>         |                |                |
| Liability at the year end                                       | 14,783,371     | 12,242,904     |
| Fairvalue of plan assets at the end of the year                 | -              | -              |
| Amount recognised in the balance sheet                          | 14,783,371     | 12,242,904     |
| <b>V Expense recognised in the statement of profit and loss</b> |                |                |
| Current service cost  | 2,916,605      | 2,352,778      |
| Interest costs  | 966,188        | 820,251        |
| Expected return on plan assets                                  | -              | -              |
| Actuarial (gain)/loss   | (754,025)      | 805,006        |
| Past service cost (vested benefit) incurred during the year     | -              | -              |
| Expense recognised in the statement of profit and loss          | 3,128,768      | 3,978,035      |
| <b>VI Balance sheet reconciliation</b>                          |                |                |
| Opening net liability   | 12,242,904     | 8,820,365      |
| Expense as above  | 3,128,768      | 3,978,035      |
| Employers contribution paid                                     | (588,301)      | (555,496)      |
| Amount recognised in the balance sheet                          | 14,783,371     | 12,242,904     |
| <b>VII Actuarial assumptions</b>                                |                |                |
| Discount rate   | 6.55%          | 6.65%          |
| Expected rate of return on plan assets                          | -              | -              |
| Expected salary increase rate                                   | 8.00%          | 8.00%          |
| Attrition Rate :  |                |                |
| At all age groups   | 11.00%         | 11.00%         |
| Mortality rate  |                |                |
|   | IALM (2012-14) | IALM (2012-14) |



# Ideaforge Technology Private Limited

## Notes to the financials statements (Continued) for year ended 31 March 2021

(Currency: Indian rupees )

### 30 Notes to accounts (Continued)

#### 30.3 Disclosure pursuant to Accounting Standard - 15 (Revised) 'Employee Benefits' (Continued)

##### Change in the present value of the defined benefit obligation (Continued)

|                                     | 2021         | 2020         | 2019        | 2018        | 2017        |
|-------------------------------------|--------------|--------------|-------------|-------------|-------------|
| <b>VIII Experience adjustments:</b> |              |              |             |             |             |
| Present value of defined benefit    | 14,783,371   | 12,242,904   | 8,820,365   | 5,545,428   | 3,703,112   |
| Fair value of the plan assets       | -            | -            | -           | -           | -           |
| Deficit in the plan                 | (14,783,371) | (12,242,904) | (8,820,365) | (5,545,428) | (3,703,112) |
| Experience adjustments on:          |              |              |             |             |             |
| On plan liability                   | (876,115)    | (92,532)     | 1,025,144   | 217,972     | 320,079     |
| On plan asset                       | -            | -            | -           | -           | -           |

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

#### 30.4 Earnings per share

| Particulars   | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| Net (loss) attributable to equity shareholders<br>(as per the statement of profit and loss)   | (142,861,311) | (112,294,104) |
| Less: Preference Dividend   | 4             | 4             |
| Net (loss) attributable to equity shareholders  | (142,861,315) | (112,294,107) |
| <b>Calculation of weighted average number of equity shares for<br/>basic / diluted earnings per share</b>   |               |               |
| Number of equity shares at the beginning of the year  | 89,730        | 88,630        |
| Equity shares issued during the year  | 300           | 1,100         |
| Number of equity shares outstanding at the end of the year  | 90,030        | 89,730        |
| Weighted average number of equity shares outstanding at the end<br>of the year for computing basic earning per share (based on the date of<br>issue of share)   | 88,810        | 88,651        |
| Weighted average number of equity shares outstanding at the end<br>of the year for computing diluted earning per share (based on the date of<br>issue of share) | 127,283       | 127,124       |
| Basic earnings per share (in rupees) (face value of INR 10 per share)   | (1,608.62)    | (1,266.69)    |
| Diluted earnings per share (in rupees) (face value of INR 10 per share)*  | (1,608.62)    | (1,266.69)    |

\* The effect of potential equity shares on conversion of debentures and CCPS is anti-dilutive

#### 30.5 Value of import and indigenous purchases

| Particulars | 31 March 2021      | 31 March 2020     |
|-------------|--------------------|-------------------|
| Imported    | 152,925,433        | 44,967,613        |
| Indigenous  | 162,247,597        | 35,674,413        |
|             | <u>315,173,030</u> | <u>80,642,026</u> |

#### 30.6 Value of imports on CIF basis

| Particulars           | 31 March 2021      | 31 March 2020     |
|-----------------------|--------------------|-------------------|
| Raw material purchase | 152,925,433        | 44,967,613        |
|                       | <u>152,925,433</u> | <u>44,967,613</u> |

#### 30.7 Expenditure in foreign currency (on accrual basis)

| Particulars         | 31 March 2021 | 31 March 2020  |
|---------------------|---------------|----------------|
| Travelling Expenses | -             | 524,820        |
|                     | <u>-</u>      | <u>524,820</u> |



# Ideaforge Technology Private Limited

## Notes to the financial statements (Continued) for year ended 31 March 2021

(Currency: Indian rupees )

### 30 Notes to accounts (Continued)

#### 30.8 Operating leases obligations

The Company has recognised the rent expenses in the financial statements on straight lining basis. Rental expenses under operating leases (including cancellable and non – cancellable) aggregating INR 59.92 lakhs (2020: INR 84.91 lakhs) have been included under “Other Expenses- Rent” under the note 29 in the statement of profit and loss. The future minimum lease payments in respect of noncancellable operating lease as at 31 March 2021 are as follows -

| Particulars                                       | 31 March 2021    | 31 March 2020     |
|---|------------------|-------------------|
| Not later than one year                           | 4,588,500        | 9,154,500         |
| Later than one year and not later than five years | -                | 4,588,500         |
| Later than five years                             | -                | -                 |
|   | <u>4,588,500</u> | <u>13,743,000</u> |

#### 30.9 Micro and small enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the Management, there are no outstanding dues to the Micro and Small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 as set out in following disclosure.

|  | 31 March 2021 | 31 March 2020 |
|--|---------------|---------------|
| The amounts remaining unpaid to micro and small suppliers as at the end of the year  | 18,713,854    | 2,413,524     |
| The amount of interest paid by the buyer as per the Micro and small Enterprises Development Act, 2006 (MSMED Act, 2006)  | Nil           | Nil           |
| The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year   | Nil           | Nil           |
| 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   | Nil           | Nil           |
| Amount of interest accrued and remaining unpaid at the end of the accounting year  | Nil           | Nil           |
| 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 the MSMED Act, 2006 | Nil           | Nil           |

#### 30.10 Related party disclosures

##### Key Managerial Persons (KMP's)

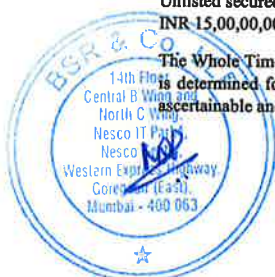
Mr. Ankit Mehta (Whole Time Director)  
Mr. Rahul Singh (Whole Time Director)  
Mr. Ashish Bhat (Whole Time Director)  
Mr. Vipul Joshi (Chief Operating Officer)

Disclosure of transactions between the company and related parties and outstanding balances as at the year end:

| Particulars                               | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| <b>(A) Transaction during the year</b>    |               |               |
| <b>Salary, wages and bonus</b>            |               |               |
| Mr. Ankit Mehta (Whole Time Director)     | 3,394,194     | 4,099,800     |
| Mr. Ashish Bhat (Whole Time Director)     | 3,508,114     | 4,099,800     |
| Mr. Rahul Singh (Whole Time Director)     | 3,394,194     | 4,099,800     |
| Mr. Vipul Joshi (Chief Operating Officer) | 3,394,194     | 4,099,800     |
| <b>(B) Balance as at year end</b>         |               |               |
| <b>Employee Benefits Payable</b>          |               |               |
| Mr. Ankit Mehta (Whole Time Director)     | 277,259       | 237,995       |
| Mr. Ashish Bhat (Whole Time Director)     | 263,844       | 191,803       |
| Mr. Rahul Singh (Whole Time Director)     | 297,675       | 280,692       |
| Mr. Vipul Joshi (Chief Operating Officer) | 297,475       | 224,763       |

Unlisted secured debentures are secured against the personal guarantee of the promoters. Outstanding amount of debentures as on 31 March 2021 is INR 15,00,00,000

The Whole Time Directors are covered under the Company's gratuity scheme along with the other employees of the Company. The gratuity liability is determined for all the employees on the basis of actuarial valuation. Accordingly, the amount pertaining to the Whole Time Directors are not ascertainable and, therefore, not included above.



Ideaforge Technology Private Limited

Notes to the financial statements (Continued)  
for the year ended 31 March 2021

(Currency: Indian rupees)

30 Notes to accounts (Continued)

30.11 Employee Stock Option

Description of share-based payment arrangements:

At March 31, 2021, Company had following share-based payment arrangements

The primary objective of the plan is to reward the key employee for his association, dedication and contributions to the goals of the company. The plan is established with effect from 2 May 2018 on which the shareholders of the Company have approved the plan by the way of special resolution and it shall continue to be in force until its termination by the Company as per provisions of Applicable laws, or the date on which all of the Options available for issuance under the plan have been issued and exercised, whichever is earlier.

| Grant date / employees entitled | Number of instruments | Grant Date | Vesting Date |           |           |           |           |           |           | Exercise date |           |           |           |           | Vesting conditions  | Contractual life of options |
|---------------------------------|-----------------------|------------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|---------------|-----------|-----------|-----------|-----------|---|-----------------------------|
|                                 |                       |            |              |           |           |           |           |           |           |               |           |           |           |           |   |                             |
| Tranche 1<br>May 02, 2018       | 1,502                 | 2-May-18   | 1-May-19     | 1-May-20  | 1-May-21  | 1-May-22  | 1-May-23  | -         | 1-May-29  | 1-May-30      | 1-May-31  | 1-May-32  | 1-May-33  | -         | For the Options to vest, the Grantee has to be in employment of the Group on the date of the vesting.<br><br>The exercise period for Options vested will be ten years from date of vesting subject to the terms and conditions with regards to exercising of options laid down in the Option Grant Letter |                             |
| Tranche 2<br>July 13, 2018      | 384                   | 13-Jul-18  | 12-Jul-19    | 12-Jul-20 | 12-Jul-21 | 12-Jul-22 | 12-Jul-23 | -         | 12-Jul-29 | 12-Jul-30     | 12-Jul-31 | 12-Jul-32 | 12-Jul-33 | -         |   |                             |
| Tranche 3<br>November 26, 2019  | 164                   | 26-Nov-19  | 25-Nov-20    | 25-Nov-21 | 25-Nov-22 | 25-Nov-23 | 25-Nov-24 | -         | 25-Nov-30 | 25-Nov-31     | 25-Nov-32 | 25-Nov-33 | 25-Nov-34 | -         |   |                             |
| Tranche 4<br>February 03, 2020  | 2,980                 | 3-Feb-20   | 2-Feb-21     | 3-May-21  | 1-Aug-21  | 23-Jan-23 | 23-Jan-24 | 23-Jan-25 | 2-Feb-31  | 3-May-31      | 1-Aug-31  | 23-Jan-33 | 23-Jan-34 | 23-Jan-35 |   |                             |
| Tranche 5<br>February 27, 2020  | 4,470                 | 27-Feb-20  | 26-Feb-21    | 26-Feb-22 | 26-Feb-23 | 26-Feb-24 | 26-Feb-25 | -         | 26-Feb-31 | 26-Feb-32     | 26-Feb-33 | 26-Feb-34 | 26-Feb-35 | -         |   |                             |
| Tranche 6<br>May 2, 2020        | 585                   | 2-May-20   | 2-May-21     | 2-May-22  | 2-May-23  | 1-May-24  | 2-May-25  | -         | 2-May-31  | 2-May-32      | 2-May-33  | 1-May-34  | 2-May-35  | -         |   |                             |
| Tranche 7<br>October 29, 2020   | 115                   | 29-Oct-20  | 29-Oct-21    | 29-Oct-22 | 29-Oct-23 | 28-Oct-24 | 29-Oct-25 | -         | 29-Oct-31 | 29-Oct-32     | 29-Oct-33 | 28-Oct-34 | 29-Oct-35 | -         |   |                             |
| Tranche 8<br>January 21, 2021   | 130                   | 21-Jan-21  | 21-Jan-22    | 21-Jan-23 | 21-Jan-24 | 20-Jan-25 | 21-Jan-26 | -         | 21-Jan-32 | 21-Jan-33     | 21-Jan-34 | 20-Jan-35 | 21-Jan-36 | -         |   |                             |

Reconciliation of Outstanding share options

The number and weighted-average exercise price of share options under the share share option plans are as follows:

|  | March 31, 2021                  |                   |
|--|---------------------------------|-------------------|
|  | Weighted average exercise price | Number of options |
| Outstanding at the beginning of the period | -                               | 9,500             |
| Granted during the period                  | 10.00                           | 830               |
| Exercised during the period                | 10.00                           | 300               |
| Lapsed/ forfeited /surrendered             | -                               | 321               |
| Outstanding at the end of the period       | 10.00                           | 9,709             |
| Exercisable at the end of the period       | -                               | -                 |



Ideaforge Technology Private Limited

Notes to the financial statements (Continued)  
for the year ended 31 March 2021

(Currency: Indian rupees)

30 Notes to accounts (Continued)

30.11 Employee Stock Option (Continued)

Measurement of Fair value

The fair value of employee share options has been measured using Black Scholes Option Pricing Model and is charged to the statement of Profit and Loss over the vesting period. The impact of the amortisation (of such fair value of the options granted) on these financial statements is not material.

The fair value of the options and the key inputs used in the measurement of the grant date fair values of the equity settled share based payment plans are as follows:

| Unit   | Tranche 1- March 31, 2021 |           |           |           |           | Tranche 2- March 31, 2021 |           |           |           |           | Description of inputs used |  |
|--|---------------------------|-----------|-----------|-----------|-----------|---------------------------|-----------|-----------|-----------|-----------|----------------------------|--|
|  | Vesting date              |           |           |           |           | Vesting date              |           |           |           |           |                            |  |
|  | 1-May-19                  | 1-May-20  | 1-May-21  | 1-May-22  | 1-May-23  | 14-Jul-19                 | 13-Jul-20 | 13-Jul-21 | 13-Jul-22 | 13-Jul-23 |                            |  |
| Fair value of the option at grant date               | DNR /share                | 18,241.74 | 18,242.05 | 18,242.35 | 18,242.62 | 18,242.87                 | 18,241.74 | 18,242.05 | 18,242.35 | 18,242.62 | 18,242.87                  | As per Black Scholes Model   |
| Exercise price                                       | DNR /share                | 10        | 10        | 10        | 10        | 10                        | 10        | 10        | 10        | 10        | 10                         | As per Scheme  |
| Expected volatility (Weighted average volatility)    | % p.a.                    | 72.08%    | 72.08%    | 72.08%    | 72.08%    | 72.08%                    | 72.08%    | 72.08%    | 72.08%    | 72.08%    | 72.08%                     | Based on comparable listing companies  |
| Expected life (expected weighted average life)       | in years                  | 11        | 12        | 13        | 14        | 15                        | 11        | 12        | 13        | 14        | 15                         | Calculated time to maturity as a sum of the following periods:<br>- Time remaining from the valuation date till the date on which options are expected to vest on the holder and;<br>- Average Time from the vesting date till the expected exercise date. |
| Dividend yield                                       | % p.a.                    | 0%        | 0%        | 0%        | 0%        | 0%                        | 0%        | 0%        | 0%        | 0%        | 0%                         | Dividend yield is taken as 0% since the Company has not declared any dividend in last 5 financial years.   |
| Risk-free interest rates (Based on government bonds) | % p.a.                    | 7.75%     | 7.75%     | 7.75%     | 7.75%     | 7.75%                     | 7.75%     | 7.75%     | 7.75%     | 7.75%     | 7.75%                      | Risk free interest rate refers to the yield to maturity on the zero-coupon securities maturing in the period which commensurate with the maturity of the option.   |
| Attrition rate                                       | % p.a.                    | 0%        | 0%        | 0%        | 0%        | 0%                        | 0%        | 0%        | 0%        | 0%        | 0%                         |  |

| Unit   | Tranche 3- March 31, 2021 |           |           |           |           | Tranche 4- March 31, 2021 |           |           |           |           | Description of inputs used |           |  |
|--|---------------------------|-----------|-----------|-----------|-----------|---------------------------|-----------|-----------|-----------|-----------|----------------------------|-----------|--|
|  | Vesting date              |           |           |           |           | Vesting date              |           |           |           |           |                            |           |  |
|  | 26-Nov-20                 | 26-Nov-21 | 26-Nov-22 | 26-Nov-23 | 25-Nov-24 | 2-Feb-21                  | 3-May-21  | 1-Aug-21  | 23-Jan-23 | 23-Jan-24 |                            | 23-Jan-25 |  |
| Fair value of the option at grant date               | DNR /share                | 17,324.68 | 17,325.10 | 17,325.50 | 17,325.86 | 17,326.19                 | 17,324.68 | 17,325.10 | 17,325.10 | 17,325.50 | 17,325.86                  | 17,326.19 | As per Black Scholes Model   |
| Exercise price                                       | DNR /share                | 10        | 10        | 10        | 10        | 10                        | 10        | 10        | 10        | 10        | 10                         | 10        | As per Scheme  |
| Expected volatility (Weighted average volatility)    | % p.a.                    | 50.27%    | 52.33%    | 55.77%    | 55.82%    | 54.77%                    | 50.27%    | 52.33%    | 52.33%    | 55.77%    | 55.82%                     | 54.77%    | Based on comparable listing companies  |
| Expected life (expected weighted average life)       | in years                  | 11        | 12        | 13        | 14        | 15                        | 11        | 12        | 12        | 13        | 14                         | 15        | Calculated time to maturity as a sum of the following periods:<br>- Time remaining from the valuation date till the date on which options are expected to vest on the holder and;<br>- Average Time from the vesting date till the expected exercise date. |
| Dividend yield                                       | % p.a.                    | 0%        | 0%        | 0%        | 0%        | 0%                        | 0%        | 0%        | 0%        | 0%        | 0%                         | 0%        | Dividend yield is taken as 0% since the Company has not declared any dividend in last 5 financial years.   |
| Risk-free interest rates (Based on government bonds) | % p.a.                    | 6.23%     | 6.36%     | 6.44%     | 6.50%     | 6.55%                     | 6.23%     | 6.36%     | 6.36%     | 6.44%     | 6.50%                      | 6.55%     | Risk free interest rate refers to the yield to maturity on the zero-coupon securities maturing in the period which commensurate with the maturity of the option.   |
| Attrition rate                                       | % p.a.                    | 10%       | 10%       | 10%       | 10%       | 10%                       | 10%       | 10%       | 10%       | 10%       | 10%                        | 10%       |  |



Ideaforge Technology Private Limited

Notes to the financial statements (Continued)  
for the year ended 31 March 2021

(Currency: Indian rupees)

30 Notes to accounts (Continued)

30.11 Employee Stock Option (Continued)

Measurement of Fair value (Continued)

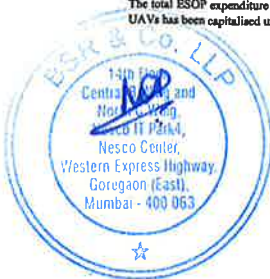
|  | Unit       | Tranche 5- March 31, 2021 |           |           |           |           | Tranche 6- March 31, 2021 |           |           |           |           |  |
|--|------------|---------------------------|-----------|-----------|-----------|-----------|---------------------------|-----------|-----------|-----------|-----------|--|
|  |            | Vesting date              |           |           |           |           | Vesting date              |           |           |           |           |  |
|  |            | 21-Jan-22                 | 21-Jan-23 | 21-Jan-24 | 20-Jan-25 | 21-Jan-26 | 2-May-21                  | 2-May-22  | 2-May-23  | 1-May-24  | 2-May-25  |  |
| Fair value of the option at grant date               | INR /share | 17,324.68                 | 17,325.10 | 17,325.50 | 17,325.86 | 17,326.19 | 17,324.68                 | 17,325.10 | 17,325.50 | 17,325.86 | 17,326.19 | As per Black Scholes Model   |
| Exercise price                                       | INR /share | 10                        | 10        | 10        | 10        | 10        | 10                        | 10        | 10        | 10        | 10        | As per Scheme  |
| Expected volatility (Weighted average volatility)    | % p.a.     | 50.27%                    | 52.33%    | 55.77%    | 55.82%    | 54.77%    | 50.27%                    | 52.33%    | 55.77%    | 55.82%    | 54.77%    | Based on comparable listing companies  |
| Expected life (expected weighted average life)       | in years   | 11                        | 12        | 13        | 14        | 15        | 11                        | 12        | 13        | 14        | 15        | Calculated time to maturity as a sum of the following periods:<br>- Time remaining from the valuation date till the date on which options are expected to vest on the holder and;<br>- Average Time from the vesting date till the expected exercise date. |
| Dividend yield                                       | % p.a.     | 0%                        | 0%        | 0%        | 0%        | 0%        | 0%                        | 0%        | 0%        | 0%        | 0%        | Dividend yield is taken as 0% since the Company has not declared any dividend in last 5 financial years.   |
| Risk-free interest rates (Based on government bonds) | % p.a.     | 6.23%                     | 6.36%     | 6.44%     | 6.50%     | 6.55%     | 6.23%                     | 6.36%     | 6.44%     | 6.50%     | 6.55%     | Risk free interest rate refers to the yield to maturity on the zero-coupon securities maturing in the period which commensurate with the maturity of the option.   |
| Attrition rate                                       | % p.a.     | 10%                       | 10%       | 10%       | 10%       | 10%       | 10%                       | 10%       | 10%       | 10%       | 10%       |  |

|  | Unit       | Tranche 7- March 31, 2021 |           |           |           |           | Tranche 8- March 31, 2021 |           |           |           |           |  |
|--|------------|---------------------------|-----------|-----------|-----------|-----------|---------------------------|-----------|-----------|-----------|-----------|--|
|  |            | Vesting date              |           |           |           |           | Vesting date              |           |           |           |           |  |
|  |            | 29-Oct-21                 | 29-Oct-22 | 29-Oct-23 | 28-Oct-24 | 29-Oct-25 | 21-Jan-22                 | 21-Jan-23 | 21-Jan-24 | 20-Jan-25 | 21-Jan-26 |  |
| Fair value of the option at grant date               | INR /share | 21,029.74                 | 21,030.20 | 21,030.63 | 21,031.03 | 21,031.39 | 21,029.74                 | 21,030.20 | 21,030.63 | 21,031.03 | 21,031.39 | As per Black Scholes Model   |
| Exercise price                                       | INR /share | 10                        | 10        | 10        | 10        | 10        | 10                        | 10        | 10        | 10        | 10        | As per Scheme  |
| Expected volatility (Weighted average volatility)    | % p.a.     | 50.00%                    | 51.00%    | 51.00%    | 50.00%    | 50.00%    | 50.00%                    | 51.00%    | 51.00%    | 50.00%    | 50.00%    | Based on comparable listing companies  |
| Expected life (expected weighted average life)       | in years   | 6                         | 7         | 8         | 9         | 10        | 6                         | 7         | 8         | 9         | 10        | Calculated time to maturity as a sum of the following periods:<br>- Time remaining from the valuation date till the date on which options are expected to vest on the holder and;<br>- Average Time from the vesting date till the expected exercise date. |
| Dividend yield                                       | % p.a.     | 0%                        | 0%        | 0%        | 0%        | 0%        | 0%                        | 0%        | 0%        | 0%        | 0%        | Dividend yield is taken as 0% since the Company has not declared any dividend in last 5 financial years.   |
| Risk-free interest rates (Based on government bonds) | % p.a.     | 6.07%                     | 6.29%     | 6.46%     | 6.60%     | 6.71%     | 6.07%                     | 6.29%     | 6.46%     | 6.60%     | 6.71%     | Risk free interest rate refers to the yield to maturity on the zero-coupon securities maturing in the period which commensurate with the maturity of the option.   |
| Attrition rate                                       | % p.a.     | 10%                       | 10%       | 10%       | 10%       | 10%       | 10%                       | 10%       | 10%       | 10%       | 10%       |  |

Scheme

The options outstanding at March 31, 2021 have an exercise price of INR 10 and a weighted average remaining contractual life of 13 years.

The total ESOP expenditure for the period ended March 31, 2021 is Rs. 6,20,63,353. However, expenditure amounting to Rs. 31,82,649 pertaining to the personnel engaged in the development of UAVs has been capitalised under R&D cost. Accordingly ESOP expenditure amounting to Rs. 5,88,80,704 has been charged to the profit and loss for the period ended March 31, 2021.



## Ideaforge Technology Private Limited

### Notes to the financial statements (Continued)

for the year ended 31 March 2021

(Currency: Indian rupees)

#### 30 Notes to accounts (Continued)

##### 30.12 Utilisation of the proceeds from issue of shares

(A) During the year, the Company raised a sum of INR 3,000 (2020: INR 1,100) through an issue of equity shares of ESOP pool for its associates.

| Particulars                                     | 31-Mar-21 | 31-Mar-20 |
|---|-----------|-----------|
| Proceeds from share issue during the year       | 3,000     | 1,100     |
| Utilisation during the year for working capital | 3,000     | 1,100     |

(B) During the year, the Company raised a sum of INR : NIL (2020: INR NIL) through an issue of compulsorily convertible preference shares (CCPS) for investment in development, sales and marketing, capital expenditure and working capital

| Particulars   | 31-Mar-21   | 31-Mar-20   |
|---|-------------|-------------|
| Un-utilised amount as at previous year end (temporarily utilised for investments) | 151,838,913 | 354,758,798 |
| Utilisation during the year for   |             |             |
| Research and Development  | 59,886,333  | 88,228,788  |
| Sales and Marketing   | 33,816,954  | 52,816,595  |
| Capital Expenditure   | 4,898,954   | 53,325,183  |
| Working Capital   | 6,674,296   | 8,567,319   |
| Un-utilised amount as at year end (temporarily utilised for investments)          | 46,158,376  | 151,820,913 |

##### 30.13 Going Concern and Estimates of Uncertainties relating to the Global Health Pandemic from COVID-19

The COVID-19 pandemic is a global humanitarian and health crisis. The actions taken by various governments to contain the pandemic, such as closing of borders and lockdown restrictions, resulted in significant disruption to people and businesses. The pandemic has impacted, and may further impact, all of the Company's stakeholders – employees, clients, investors and communities in which it operates.

In light of these circumstances, the Company has considered the possible effects that may result from COVID-19 on the carrying amounts of assets, inventories, receivables, advances, property plant and equipment, intangibles etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as its current contract terms, financial strength of partners, investment profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

The Management has also assessed the impact of the pandemic on its liquidity position and recoverability of the carrying amount of its assets as appearing in the financial statements and expects that the carrying amount of the assets as reflected in the balance sheet as at 31 March, 2021 will be recovered and liabilities will be settled as and when they fall due during the ensuing year. However, the actual impact of the pandemic in the future could be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and impacts if any will be assessed.

##### 30.14 Other Matters

Information with regard to other additional information and other disclosures to be disclosed by way of notes to statement of profit and loss as specified in the Schedule III of the Companies Act, 2013 is either 'nil' or 'not applicable' to the Company for the year.

##### 30.15 Specified bank notes

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 have not been made since the requirement does not pertain to financial year ended 31 March 2021.

As per our report of even date attached

For BSR & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

*M Pardiwalla*

Manal Pardiwalla  
Partner  
Membership No: 108511

Mumbai  
08 September 2021

For and on behalf of the Board of Directors of  
Ideaforge Technology Private Limited  
CIN : U31401MH2007PTC167669

*Rahul Singh*  
Rahul Singh  
Whole Time Director  
DIN: 02106568

Mumbai  
08 September 2021

*Ankit Mehta*  
Ankit Mehta  
Whole Time Director  
DIN: 02108289

Mumbai  
08 September 2021

