BOARD'S REPORT

To,

The Members,

Your Directors have immense pleasure in presenting the 39th Annual Report on the business and operations of the Company along with the audited financial statements for the Financial Year ended as at March 31, 2021. Consolidated performance of the Company and its subsidiaries has been referred to wherever required.

1. Financial Performance

(Rs. in Million)

Particulars	Standalone			Consolidated		
	FY 2021	FY 2020	%	FY 2021	FY 2020	%
Revenue from operations	13,513.4	12,615.6	7%	15,492.7	14,571.7	6%
Other income	168.5	182.7	-8%	230.9	159.7	45%
Total revenue	**13,681.9**	**12,798.3**	**7%**	**15,723.6**	**14,731.4**	**7%**
Earnings Before Interest, tax, Depreciation and amortisation (including exceptional items)	2,620.5	2,230.1	18%	2,952.1	2,406.7	23%
Finance Charges	411.9	512.0	-20%	473.9	580.9	-18%
Depreciation and amortisation	883.5	813.5	9%	1,016.8	939.0	8%
Profit before tax	1,325.1	904.6	46%	1,461.4	886.8	65%
Tax Expenses	346.3	82.9	318%	362.9	84.4	330%
Profit after tax	**978.8**	**821.7**	**19%**	**1,098.6**	**802.4**	**37%**
Other comprehensive income/(expense) for the year, net of income tax	(17.6)	(8.0)	120%	20.2	24.3	-17%
Minority interest	-	-	0%	18.2	(4.6)	-
Total comprehensive income for the year, net of tax	961.2	813.7	18%	1,118.9	826.7	35%

2. Company performance

Even prior to COVID-19, the automotive demand in India had been adversely impacted because of weak consumer sentiment and affordability issues resulting from price increases driven by regulatory changes relating to safety and emissions, increase in insurance premiums etc. As a result, FY 2020 was already one of the weakest years for Indian auto sector in decades. COVID-19 outbreak added further to the auto industry woes.

The automobile demand was adversely impacted in Q1 FY 2021 due to lockdown and travel restrictions imposed by the Government. Your Company also had to shut down its manufacturing facilities in line with the nationwide lockdown. As the lockdown restrictions were eased, the manufacturing plants of the Company started operations from May onwards and there were no significant disruptions for the rest of FY 2021.

As the economy gradually started opening up, there was an increase in demand for Company's products. This was driven by the pent-up demand from lockdown period appearing with a lag, shift to personal mobility, stable rural economy, festive promotions from OEMs and attractive financing deals all of which facilitated sales.

In-spite of reporting negligible sales and consequent significant losses during the first quarter of FY 2021, the Company was able to successfully navigate the challenging environment. Since then, the wholesale demand (OEM to dealers) recovered sharply, resulting in significantly better revenue momentum for the Company. In general, the recovery in the wholesale demand has been higher as compared to the retail demand (dealers to end customers), especially for the 2W segment which has witnessed subdued retail demand.

Your Company continued its drive to strengthen customer connect and diversify product portfolio by adopting newer capabilities in domestic and global markets. This helped the Company to acquire new customers and increase its business from existing customers by way of adding new products as well as increase share of business. With current visibility of additional business from new customers / products, the Company should continue to outperform the broader industry. The operational performance at both the subsidiaries (Fitwel Tools And Forgings Private Limited and Sansera Sweden AB) recorded improvement in operating margins as a result of various cost control and productivity measures initiated during previous year and current year.

On a standalone basis, revenue from operations for the financial year 2020-21 stood at Rs. 13,513.40 million registered a growth of 7.1% over last year (Rs. 12,615.64 million) against year on year volume reduction by 13.2% in two wheeler and 2.3% in passenger vehicle segment of Indian automotive industry. Earnings before interest, tax, depreciation and amortisation (EBIDTA) was Rs 2,620.48 million, a 17.5% increase over last year (Rs 2,230.11 million). Profit after tax (PAT) for the year was Rs. 978.80 million against PAT of Rs. 821.74 million in previous year which is a growth by 19.1%.

On a consolidated basis, revenue from operations for the financial year 2020-21 was Rs. 15,492.71 million, a growth of 6.3% over last year (Rs. 14571.70 million). EBIDTA was Rs 2,952.14 million which was higher by 22.7% over last year (Rs. 2,406.66 million in 2019-20). Profit after tax (PAT) for the year was Rs. 1,098.60 million recording a growth of 36.9% over the PAT of Rs 802.35 million in 2019-20.

After two consecutive years of sharp decline during FY 2020 and FY 2021, the general industry expectation is that the FY 2022 and FY 2023 should witness significantly higher growth. However, the timing of this expected recovery in demand remains contingent on how the COVID-19 pandemic situation plays out.

3. **Dividend**

Considering the need to conserve the reserves, your Board of Directors do not recommend any dividend for the year under review.

4. **Reserves**

Your Directors do not propose to carry any amount to special reserves of the Company during the year under report.

5. **Changes to Share Capital**

There has been no change in the Share Capital of the Company during the year under review. As on March 31, 2021 the Authorized Share Capital of the Company was Rs. 23,00,00,000 and the Paid-up Share Capital was Rs.19,88,73,000.

6. **Updates on proposed IPO of the Company.**

The Board of Directors at its meeting held on March 18, 2021 approved the proposal for filing fresh Draft Red Hearing Prospectus (DRHP) with SEBI for the proposed Initial Public Offering (IPO).

7. **Particulars of Employees**

Pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, statement of particulars of employees is annexed as Annexure IV.

8. **Board Meetings**

The Board of Directors duly met four times on 15th April 2020, 8th September 2020, 23rd November 2020 and 18th March 2021 during the financial year 2020-21. The intervening gap between any two meetings was within the period prescribed under the provisions of section 173 of the Companies Act, 2013 including notification/ circular issued by the Ministry of Corporate Affairs because of COVID -19 pandemics.

9. **Details of Subsidiary Companies**

Pursuant to sub-section (3) of section 129 of the Act, the statement containing the salient feature of the financial statement of a company's subsidiaries is given as Annexure-V.

During the year under report no Bodies Corporate have become or ceased to be Subsidiary, Joint venture or Associate Company of the Company.

10. **Auditors**

M/s. Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration Number 008072S) was appointed as Statutory Auditors of the Company by the shareholders in the 38th AGM held on December 24, 2020 who will act as Statutory Auditors of the Company till the conclusion of the 43rd Annual General Meeting.

11. **Secretarial Audit Report**

In terms of the provisions of Section 204 and applicable provisions of the Companies Act, 2013, M/s. BMP & Co., LLP, a practicing Company Secretary Firm was appointed by the Board of Directors to conduct the Secretarial Audit for the Financial Year 2020-21 and issue the Secretarial Audit Report.

The Secretarial Audit Report with no qualification, received from M/s. BMP & Co., LLP, a practicing Company Secretary Firm is attached to this report as Annexure – II.

Reg Off: No. 143/A, Jigani Link Road, Bangalore-560 105, India, Tel: +91 80-27839081/82/83. Fax: +91 80-27839309
E-mail id: info@sansera.in Website: www.sansera.in CIN:U34103KA1981PLC004542

12. **Explanations or Comments by the Board on every qualification, reservation or adverse remark or disclaimer made:**

a) By the auditors in their report: There are no adverse comments by the Statutory Auditors of the Company in their report submitted to the Company.

b) By the Company Secretary in practice in his secretarial audit report: There are no adverse comments by the Statutory Auditors of the Company in their report submitted to the Company.

13. **Cost Audit**

In terms of the provisions of Section 148 and applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. Rao Murthy and associates, Cost Accountants was appointed as Cost Auditors to conduct the audit of cost records of your company for the financial year 2021-22.

The remuneration proposed to be paid to them requires ratification of the shareholders of the Company and the same will be taken up with the Shareholders in due course of time.

14. Internal Control Systems and Adequacy of Internal Financial Controls

M/s. Aneja Associates, Mumbai and M/s. Singhvi, Dev & Unni LLP, Chartered Accountants, Bangalore were appointed as the Internal Auditors of the Company during the period under review. During the year, the Company continued to implement their suggestions and recommendations to improve the internal control mechanism. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, Internal Financial Control, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions were taken as per the directions of management on an ongoing basis to improve efficiency in operations.

15. **Issue of employee stock options**

During the financial year, the Company has not granted any options under Employee Stock Option Plan 2015 (ESOP 2015) and Employee Stock Option Plan 2018.

16. Vigil Mechanism:

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been framed.

17. **Risk management policy**

The management is responsible for reviewing the risk management plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Company has adopted the various measures concerning the development and implementation of a Risk Management Policy after identifying the elements of risks as mentioned below, which in the opinion of the Board may threaten the very existence of the Company.

Your company has entered into long term contracts with the customer to mitigate enterprise risk, has implemented statutory compliance monitoring tool “Ricago” for effective monitoring of statutory compliance, also have taken currency hedging contract to minimize the risk of currency fluctuation.

18. **Details of frauds reported by auditors under sub-section (12) of section 143 of the Companies Act, 2013.**

There were no frauds reported by Auditors under Sub-section (12) of Section 143 of the Companies Act, 2013 during the period under review.

19. **Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report**

No major material changes and commitments, affecting the financial position of the Company has occurred between the end of the financial year of the Company, to which the financial statements relate and date of this report.

20. **Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company’s operations in future.**

There is no material litigation outstanding as on March 31, 2021. Details of litigation on tax matters are disclosed in the financial statements.

21. The details of Directors and key managerial personnel who were appointed or have resigned during the year.

Directors:

During the year under review, the Board of the Company was duly constituted.

Mr. Raunak Gupta DIN: 06624489), Director, retires by rotation at the ensuing annual general meeting and offers himself for re-appointment at the ensuing annual general meeting.

Mr. S Sekhar Vasan was appointed as Chairman & Managing Director of the Company for a period of 5 years w.e.f. July 08, 2020 by the Board of Directors on September 08,2020 on recommendation of the Nomination & Remuneration Committee. The same was approved by the shareholders in Annual General Meeting of the Company held on 24th December 2020 in accordance with the applicable provisions of the Companies Act, 2013.

Key Managerial Personnel (KMP):

There was no change in the KMP during the year in comparison to last year's report:

Mr. S Sekhar Vasan, Chairman & Managing Director, Mr. F R Singhvi, Joint Managing Director, Mr. B R Preetham, Group CEO, Mr. Vikas Goel, CFO and Mr. Rajesh Kumar Modi, Company Secretary are the KMP of the Company as on date of this report as per Section 203 of the Companies Act, 2013.

22. Declaration by Independent Directors and statement on compliance of code of conduct

The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

All independent directors of your Company have given declarations to your Company under Section 149 (7) of the Act that, they meet the criteria of independence as provided in Sub-Section 6 of Section 149 of the Act and also under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). All independent directors of your Company have also given declarations to your Company under Rule 6 of Companies (Appointment and Qualification of Directors) Rules 2014. In the opinion of the Board, they fulfil the conditions of independence as specified in the Act and the Listing Regulations and are independent of management. The independent directors have affirmed compliance with the Code of Conduct. The Independent Directors also affirmed compliance under Sec 150 of the Companies Act, 2013 including any amendments/ notifications.

23. **Particulars of loans, guarantees or investments under section 186**

During the year under review, the Company has granted Corporate Guarantee of EURO 5 million to Citibank London against borrowings by Sansera Sweden. Apart from this, there were no loans, guarantees or investments under section 186 transactions made by the Company.

The Company has invested in the following subsidiary Companies:

S. No.	Name of the Company	Movement
1	Fitwel Tools and Forgings Private Limited (Equity Shares)	-
2	Sansera Engineering Pvt. Ltd, Mauritius (Equity Shares)	-
3	Sansera Engineering Pvt. Ltd, Mauritius (Preference Shares)	(162.42)
4	Cleanmax Vega Power LLP	--

The details of the above transactions have been given in note no. 4.a and 4.b of the financials.

24. **Particulars of contracts or arrangements with related parties:**

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto has been disclosed in Form No. AOC-2 as Annexure-I.

25. **Obligation of Company Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013**

Your Board of Directors report that, during the year under report Anti Sexual Harassment Policy is in line with the requirement of Workplace (Prevention, Prohibition and Redressal) Act, 2013 and that the employees have been advised to address their grievances under this Act for redressal. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the financial year under review, the Company has not received any complaint of sexual harassment.

26. **Conservation of energy, technology absorption and foreign exchange earnings and outgo**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

a. Conservation of energy

Your company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved. Various projects have been taken up by the Company in order to conserve energy wherever possible. Some of the projects includes Energy Savings through " Waste Heat Recovery ' from Air Screw Compressors and used the same Heat Load on Component Washing Machines, optimizing the compressor usage through Sigma Manager Controller, replacement of less efficient air conditioners with centralized water chillers, replacement of less efficient induction motors with highly efficient induction motors, replacement of metal allied/CFL lamps with LED lamps etc.

As the impact of measures taken for conservation and optimum utilization of energy are not quantitative, its impact on cost cannot be stated accurately.

In the opinion of the Board, the provisions for disclosure of particulars in terms of Form A are not applicable to the Company.

b. Technology absorption

Company's products are manufactured by using in-house know how and no substantial outside technology is being used for the manufacturing activities.

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The Company constantly strives for maintenance and improvement in quality of its products and entire Research & Development activities are directed to achieve the aforesaid goal.

c. Foreign exchange earnings and Outgo

During the year, the total foreign exchange used was Rs.1,789.43 million and the total foreign exchange earned was Rs. 4,258.65 million.

27. **Corporate Social Responsibility (CSR)**

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 have been given in (Annexure - III).

28. **Human Resources**

Your Company treats its "human resources" as one of its most important assets. Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

29. **Directors' Responsibility Statement**

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
d. the directors had prepared the annual accounts on a going concern basis; and
e. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

30. **Committees of The Board**

Audit Committee

The composition of the Audit Committee is as follows:

S. No.	Name of the member	Designation
1.	Mrs. Revathy Ashok	Chairperson
2.	Mr. Muthuswami Lakshminarayan	Member
3.	Mr. F R Singhvi	Member

The Audit Committee met 3 times i.e., on 8th Sep 2020, 23rd Nov 2020 and 18th March 2021 during the year under review.

Nomination & Remuneration Committee (NRC)

The composition of the Nomination and Remuneration Committee is as follows:

S. No.	Name of the member	Designation
1.	Mrs. Revathy Ashok	Chairperson
2.	Mr. Raunak Gupta	Member
3.	Mr. Sylvain Bilaine	Member

The NRC Committee met 2 times i.e., on 8th Sep 2020 and 18th March 2021 during the year under review.

Stakeholders Relationship Committee (SRC) and terms of reference

The Stakeholders Relationship Committee was constituted by the Board of Directors on 18th March 2021.

Stakeholders Relationship Committee (SRC)

The composition of the SRC is as follows:

S. No.	Name of the member	Designation
1.	Mr. Lakshminarayan M	Chairman
2.	Mr. S Sekhar Vasan	Member
3.	Mr. F R Singhvi	Member

The quorum for the Stakeholders Relationship Committee is minimum two members."

Terms of reference:

a) Redressal of grievances of the security holders, including complaints related to the transfer/ transmission of shares, non-receipt of new/ duplicate share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, general meetings, etc. and assisting with quarterly reporting of such complaints;
b) Review of measures taken for effective exercise of voting rights by shareholders.
c) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
d) Giving effect to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
e) Dematerialisation of shares and re-materialisation of shares, issue of duplicate certificates and new certificates on split/consolidation/renewal;
f) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the registrar and share transfer agents;
g) Oversee the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services; and

h) Carrying out any other function as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 and the rules and regulations made thereunder, each as amended or other applicable law.

CSR Committee

The composition of the CSR Committee is as follows:

S. No.	Name of the member	Designation
1.	Mr. S. Sekhar Vasan	Chairperson
2.	Mr. Sylvain Bilaine	Member
3.	Mr. F. R. Singhvi	Member

The CSR Committee met 2 time on 8th Sep 2020 and 18th March 2021 during the year under review.

31. Details of Amount Received from a Director of the company or a relative of the Director

During the year under report, the Company has not received amount from a Director or a relative of the Director of the Company pursuant to Rule 2 (1)(c)(viiii) of the Companies (Acceptance of Deposits) Rules, 2014.

32. **Compliance of Applicable Secretarial Standards by the Company**

During the year under report, the Company has complied with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Government of India under sub-section (10) of section 118 of the Companies Act, 2013.

33. **Extract of Annual Return**

Pursuant to the provisions of Section 92(3), the extract of the Annual Return will be uploaded on the website of the Company www.sansera.in

34. **Change in nature of business, if any:**

There has been no change in the nature of business of the Company during the period under review.

35. Transfer of Unclaimed Dividend to Investor Education and Protection Fund:

There was no unpaid/unclaimed dividend that was required to be transferred to Investor Education and Protection Fund.

36. Deposits

During the financial year under review, your Company did not accept any deposit within the meaning of the provisions of Chapter V – Acceptance of Deposits by Companies of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

37. Details of Penalties/Punishment/ Commitments affecting the financial position of the Company between the end of the Financial Year and the date of the Directors' Report

There are no penalties/punishment/commitments affecting the financial position of the Company between the end of the financial year and the date of Directors' report.

Acknowledgements

Your Directors wish to place on record their appreciation for the assistance and co-operation received from the Bankers, Government authorities and all the stakeholders during the year under review. Your Directors also place on record their deep sense of appreciation for the devoted and dedicated service of the employees of the Company.

On Behalf of Board of Directors

S. Sekhar Vasan
Chairman & Managing Director
DIN:00361245

Place: Bangalore
Date: April 19, 2021.

ANNEXURE INDEX

Annexure	Content
i.	AOC 2 – Related Party Transactions disclosure
ii.	Secretarial Audit Report
iii.	Annual Report on Corporate Social Responsibility
iv.	Particulars of Employee
v.	Details of subsidiary

Annexure - I

FORM NO. AOC- 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto:

1. Details of contracts or arrangements or transactions not at Arm's length basis.

Your company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2020-21.

2. Details of material contracts or arrangement or transactions at arm's length basis:

SL. No.	Particulars	Details
i.	Name (s) of the related party & nature of relationship	Fitwel Tools and Forgings Private Limited (FTFPL), (Subsidiary). Sansera Sweden AB (Step-Down Subsidiary)
ii.	Nature of contracts/ arrangements/ transaction	Purchase/sale of Raw material/job work.
iii.	Duration of the contracts/arrangements/transaction	Based on Purchase order issued.
iv.	Salient terms of the contracts or arrangements or transaction including the value, if any	Standard terms (as detailed the purchase orders) in line with industry norms
v.	Justification for entering into such contracts or arrangements or transactions'	Business transactions
vi.	Date of approval by the Board	Not Applicable
vii.	Amount paid as advances, if any	NIL

On Behalf of Board of Directors

S. Sekhar Vasan
Chairman & Managing Director
DIN:00361245

Place: Bangalore
Date: April 19, 2021

Annexure II

FORM MR 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]

To,

The Members,

Sansera Engineering Limited
CIN: U34103KA1981PLC004542
Plant-7, No.143/A, Jigani Link Road
Bommasandra Industrial Area,
Anekal Taluk Bengaluru – 560105

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sansera Engineering Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

BMP & Co. LLP Bangalore Company Secretaries

BMP & Co. LLP
Regd Office : # 4272, Sapthagiri, 2nd Floor, Vivekananda Park Road, Near Seetha Circle, Girinagar, Bangalore - 560 085.
: 080 26728442, : biswajit@bmpandco.com, Website : www.bmpandco.com, LLPIN : AAI-4194

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2021 according to the provisions of:

i. The Companies Act, 2013 ('the Act') and the Rules made thereunder and the relevant provisions of the Act;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder to the extent of its applicability to an unlisted Company;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a. The Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009

b. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993

vi. The Company has identified the following laws as specifically applicable to the Company:

1. Factories Act, 1948 & the Central Rules or concerned State Rules, made thereunder
2. Electricity Act, 2003
3. Environment (Protection) Act, 1986
4. The Water (Prevention and Control of Pollution) Act, 1974 & Central Rules/ Concerned State Rules
5. The Air (Prevention and Control of Pollution) Act, 1981 & Central Rules/ Concerned State Rules
6. Hazardous Wastes (Management and Handling) Rules, 1989
7. Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989

Bangalore

8. The Contract Labour (Regulation and Abolition) Act, 1970 & its Central Rules/ Concerned State Rules
9. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 & EPF, FPF Schemes
10. The Employees' State Insurance Act, 1948 & its Central Rules/ Concerned State Rules
11. The Minimum Wages Act, 1948 & its Central Rules/ Concerned State Rules/ Notification of Minimum Wages applicable to various class of industries/ Trade
12. The Payment of Wages Act, 1936 & its Central Rules/ Concerned State Rules if any
13. The Payment of Bonus Act, 1965 & its Central Rules/ Concerned State Rules if any
14. The Payment of Gratuity Act & its Central Rules/ Concerned State Rules if any
15. The Maternity Benefit Act, 1961 & its Rules
16. The Industrial Employment (Standing Orders) Act, 1946 & its Rules
17. The Employee's Compensation Act, 1923
18. The Industrial Dispute Act, 1947
19. The Trade Marks Act, 1999
20. Sexual Harassment of Women at Workplace (Prevention Prohibition and Redressal) Act 2013

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)
ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - to the extent applicable to an unlisted Company;
iii. SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time - to the extent applicable to an unlisted Company;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above:

We further report that: -

i. The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

ii. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

iii. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

iv. We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines;

v. The Company had previously filed the Draft Red Herring Prospectus with SEBI on August 10, 2018 and had received the SEBI observation letter on November 12, 2018 which was valid for a period of one year. However, the Company did not go ahead with the IPO due to various reasons. The Board of Directors in its Meeting held on 18th March, 2021 approved the proposal for filing fresh Draft Red Hearing Prospectus (DRHP) with SEBI for the proposed Initial Public Offering (IPO), subject to the consent/ approvals from the competent authorities. The Company is yet to file fresh Draft Red Herring Prospectus with SEBI as on date of this report.

vi. As informed, the Company has responded to notices for demands, claims, penalties etc. levied by various statutory / regulatory authorities and initiated actions for corrective measures, wherever necessary.

BMP & CO. LLP Bangalore

BMP & Co. LLP

Regd Office : # 4272, Sapthagiri, 2nd Floor, Vivekananda Park Road, Near Seetha Circle, Girinagar, Bangalore - 560 085.

: 080 26728442, : biswajit@bmpandco.com, Website : www.bmpandco.com, LLPIN : AAI-4194

vii. There are no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines etc., having a major bearing on the Company's affairs.

For BMP & Co. LLP
Company Secretaries

Pramod S M
Partner
FCS 7834 / CP No. 13784
UDIN: F007834C000126911

Place: Bangalore
Date: 19th April, 2021

This report to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.

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'Annexure A'

To,

The Members,

Sansera Engineering Limited
CIN: U34103KA1981PLC004542
Plant-7, No.143/A, Jigani Link Road
Bommasandra Industrial Area,
Anekal Taluk Bengaluru – 560105

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We have conducted online verification & examination of records, as facilitated by the Company, due to the COVID 19 and the subsequent lockdown situation for the purpose of issuing this report. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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7. We further report that, based on the information provided by the Company its officers, authorised representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads/Company Secretary/Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.
8. We further report that the Compliance by the Company of applicable Financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For BMP & Co. LLP
Company Secretaries

Pramod S M
Partner
FCS 7834 / CP No. 13784
UDIN: F007834C000126911

Place: Bangalore
Date: 19th April, 2021

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Annexure III

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR policy of the Company

Company's CSR policy

Your company's CSR policy is aimed at demonstrating care for the community through its focus on education & skill Development, health & wellness and environmental sustainability, energy & water Conservation. Also embedded in this objective is support to the disadvantaged/marginalized cross section of the society by providing opportunities to improve their quality of life.

Our Corporate Social Responsibility (CSR) efforts have been primarily carried by the Sansera Foundation which was set up on 5th July, 2007. We deliver social values to the deserving people.

We identify challenges in environment, education, livelihood, and disability areas and provide a range of interventions that also build internal capacities. These capacities empower the beneficiaries to sustain themselves over a period of time. We look for initiatives that are bound to create multiple impacts across socio-economic realities of the society and support them.

We especially believe in linking our employee volunteering initiatives with our CSR endeavors to ensure that our organizational responsibility initiatives and individual convictions are well integrated. We are also keen to include learning and appreciation of social sensitivity into our social responsibility as this is the foundation of our culture.

Sansera Foundation strives to achieve our charters through its CSR programs, grant programs, voluntary programs and organizational development programs

The projects undertaken will be within the broad framework of Schedule VII of the Companies Act, 2013. The CSR projects carried out in FY 2020-21 promote education of underprivileged children, construction of sanitation facilities in rural schools, project related to environmental sustainability etc. have benefitted the target communities across the country. The Company has adopted and taken note of amendments in CSR Regulations. Necessary action plan was also approved by the Company. Details of the CSR policy and projects or programs undertaken by the Company are provided below.

Endorse education & healthcare and support in infrastructure projects
To create necessary infrastructure and resources to enable promotion of primary education among children and promoting health care including preventive health care

Social impact projects
To collaborate with communities to provide innovative off-grid solutions to improve access to electricity in the country, especially in rural areas for its development.

Support Environment projects
To actively support projects that help in the sustainable development of the environment

The Company's Corporate Social Responsibility Policy is available on the Company's website: www.sansera.in.

Composition of the CSR Committee

Sl. No.	Name of Member	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. S. Sekhar Vasan	Chairman	2	2
2	Mr. F.R. Singhvi	Member	2	2
3	Mr. Sylvain Bilaine	Independent Director, Member	2	2

2. The details of composition of CSR committee, CSR Policy and CSR projects duly approved by the board will be available on the Company's website: www.sansera.in.

3. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

   Not applicable

4. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

   Not applicable

5. **Average net profit of the Company as per section 135(5)**

   The average net profit for the last three audited financial years for the purpose of computation of CSR was Rs.1,436.99 million.

6. (a) Two percent of average net profit of the company as per section 135(5): Rs. 28.74 million for FY 2020-21
   (b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: Nil
   (c) Amount required to be set off for the financial year, if any: Nil

7. Total CSR obligation for the financial year 2020-21 (6a+6b+6c): Rs. 28.74 million.

8. (a) CSR amount spent or unspent for the financial year 2020-21:

Total Amount Spent for the Financial Year. (Rs. in Mn)	Amount Unspent (Rs. In Mn)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	*Date of transfer.	Name of the Fund	Amount	Date of transfer
20.32	8.42	Yet to be transferred as account opening formalities is in progress	-	-	-

*due to unprecedented COVID 19 situation and lockdown announced by the Government of Karnataka, the formalities of opening account in bank got delayed although requisite approval of the Board was in place.

(b) Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4	5		6	7	8	9	10	11	
Sl. No	**Name of the Project**	**Item from the list of activities in schedule VII to the Act.**	**Local area (Yes/No).**	**Location of the project.**		**Project duration.**	**Amount allocated for the project (in Rs in Mn).**	**Amount spent in the current financial Year (in Rs in Mn.)**	**Amount transferred to Unspent CSR Account for the project as per Section 135(6) (Rs. In Mn).**	**Mode of Implementa tion - Direct (Yes/No)**	**Mode of Implementation - Through Implementing Agency**	
				State	**District**						**Name**	**CSR Registration no**
1	Education	(ii)	Yes	Karnataka	Bangalore	Ongoing	6.19	6.19	-	Direct	-	-
2	Healthcare	(i)	Yes	Karnataka	Bangalore	Ongoing	2.09	2.09	-	Direct	-	-
4	Projects	(x)	Yes	Karnataka	Bangalore	Ongoing	10.56	10.56	-	Direct	-	-
5.	COVID	(viii)	Yes	Karnataka	Bangalore	Ongoing	1.48	1.48	-	Direct	-	-

(c) Details of CSR amount spent against other than ongoing projects for the financial year: NIL

(d) Amount spent in Administrative Overheads: Nil

(e)Amount spent on Impact Assessment, if applicable: Not applicable

(f) Total amount spent for the Financial Year 2020-21: **Rs.20.32 Mn**

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	28.74
(ii)	Total amount spent for the Financial Year 2020-21	20.32
(iii)	Excess amount spent for the financial year [(ii)-(i)]	(8.42)
(iv)	Surplus arising out of the CSR projects or programsor activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9. (a) Details of Unspent CSR amount for the preceding three financial years: The Company has complied with Section 135 and has explained in the Board's Report of the respective years.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NA

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: NA

(a) Date of creation or acquisition of the capital asset(s).: NA

(b) Amount of CSR spent for creation or acquisition of capital asset.: NIL

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).:NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Even prior to COVID-19, the automotive demand in India had been adversely impacted because of weak consumer sentiment and affordability issues resulting from price increases driven by regulatory changes relating to safety and emissions, increase in insurance premiums etc. As a result, FY 2020 was already one of the weakest years for Indian auto sector in decades. COVID-19 outbreak added further to the auto industry woes.

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E-mail id: info@sansera.in Website: www.sansera.in CIN:U34103KA1981PLC004542

The Company had to shut down its manufacturing facilities in line with the nationwide lockdown in first quarter of FY 2020-21. However, the Company has a plan to invest CSR funds in line with the Companies Act, 2013 requirements provided the situation improves in the FY 2021-22.

On Behalf of Board of Directors

S. Sekhar Vasan
Chairman & Managing Director
DIN:00361245

Place: Bangalore
Date: April 19, 2021

SANSERA
ideas@work

Annexure - IV

Statement of Particulars of employees pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
(If there are employees drawing more than Rs.102.00 Lakhs per annum / Rs.8.50 lakhs per month)

Sl.No.	Name	Designation of Employee	Remuneration Received [Rs. In million]	Qualification	Experience in years	Age in years	Date of commencement of employment	Last employment held	The percentage of equity shares held by the employee in the Company	Whether any such employee is a relative of any Director of the Company and if so, name of such Director
1	Mr. S. Sekhar Vasan	Chairman & Managing Director	7.45*	B. Tech(IIT), PGDM(IIMB)	41	68	1981	Rambal Engineering Private Limited	26.22%	No
2	Mr. F.R. Singhvi	Joint Managing Director	7.45*	B.Com, FCA	41	66	2006	Partner, M/s Singhvi Dev Unni. Chartered accountants	7.28%	No
3	Mr. B.R. Preetham	Group CEO	11.47**	B.E	27	51	1992	Not Applicable	Nil	No
4	Mr. Vikas Goel	CFO	11.80**	B.Com(H). FCA, ACMA	28	55	2019	Ingersol Rand India Ltd	Nil	No

* *The executive directors have voluntarily agreed not to take salary for the period of 6 month in FY 2020-21 to support the Company at the time of COVID 19 situation.*
*** All employees across the Company also voluntarily agreed to take reduced salary ranging from 5 to 45% based on category-wise due to COVID 19.*

On Behalf of Board of Directors

S. Sekhar Vasan
Chairman & Managing Director
DIN:00361245

Place: Bangalore
Date: April 19, 2021.

Annexure – V

Form AOC-1

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

Statement containing salient features of the financial statement of subsidiaries/associate companies/ joint ventures

Part "A": Subsidiaries

Name of Subsidiary Company	Fitwel Tools and Forgings Private Limited	Sansera Engineering Pvt. Ltd. Mauritius.	Sansera Sweden AB.
Currency	(Rs. in million)	(Rs. in million)	(Rs. in million)
The date since when subsidiary was acquired	1 August 2014	4 November 2016	14 April 2017
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	EURO 1 EURO = Avg: 86.79 Closing: 85.75 INR	SEK 1 SEK = Avg: 8.41, Closing 8.38 INR
Share Capital	3.56	900.4	213.32
Reserves and Surplus	347.25	13.0	(128.48)
Total Assets	978.87	914.3	1,583.47
Total Liabilities	978.87	914.3	1,583.47
Investments	-	747.1	-
Turnover	1077.00	-	1388.90
Profit/(Loss) before Tax	80.20	4.61	56.20
Provision for Tax	17.72	(0.14)	-
Profit/(Loss) After Tax	62.48	4.75	-
Proposed Dividend	0	0	0
% of shareholding	70%	100%	100%

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Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	Not Applicable
1. Latest audited Balance Sheet Date	
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	
Amount of Investment in Associates/Joint Venture	
Extend of Holding(%)	
3. Description of how there is significant influence	
4. Reason why the associate/joint venture is not consolidated	
5. Net worth attributable to shareholding as per latest audited Balance Sheet	
6. Profit/Loss for the year	
i. Considered in Consolidation	
ii. Not Considered in Consolidation	

Notes:

The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operation: None
2. Names of subsidiaries which have been liquidated or sold during the year: None

On Behalf of Board of Directors

S. Sekhar Vasan
Chairman & Managing Director
DIN:00361245

Place: Bangalore
Date: April 19, 2021

Deloitte Haskins & Sells

Chartered Accountants
Prestige Trade Tower, Level 19
46, Palace Road, High Grounds
Bengaluru - 560 001
Karnataka, India

Tel: +91 80 6188 6000
Fax: +91 80 6188 6011

INDEPENDENT AUDITOR'S REPORT

To the Members of Sansera Engineering Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Sansera Engineering Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2021, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Director's Report but does not include consolidated financial statements, standalone financial statements and our auditor's report thereon.

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

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

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

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Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone 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 standalone 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of Cash Flows and Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

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

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

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

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

(i) The Company has disclosed the impact of pending litigations on its financial position in its standalone 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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Monisha Parikh
(Partner)
(Membership No. 47840)
(UDIN: 21047840AAAABN5065)

Place: Bengaluru
Date:19 April 2021

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Sansera Engineering Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Monisha Parikh
(Partner)
(Membership No. 47840)
(UDIN: 21047840AAAABN5065)

Place: Bengaluru
Date: 19 April 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except the following:

Particulars of the land	Amount	Remarks
Lands located at Plot 143-B-8, 143-C-2 and Site No. A1 at Bommasandra Industrial Area, Hebbagodi Village, Anekal Taluk, Bengaluru.	8 Million	The title deeds are in the name of Gearock Forge Private Limited, an erstwhile subsidiary company that was since merged with the Company under Section 233 of the Companies Act, 2013 as per the order received from Ministry of Corporate Affairs.

Immovable properties of land and buildings whose title deeds have been pledged as security for loans, are held in the name of the Company based on the confirmation in the format of memorandum of entry by the security trustees of the lender provided to us. In respect of immovable properties of land and buildings that have been taken on lease-cum-sale basis and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) 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.

(iv) The Company has not granted any loans, made investments or provide guarantees during the year and hence reporting under clause 3(iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and does not have any unclaimed deposits and hence reporting under clause 3(v) is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the

Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2021 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid (Rs million)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2009-10	1.89
			AY 2013-14	3.38
			AY 2014-15	16.76
			AY 2015-16	13.88
			AY 2017-18	5.33^
The Finance Act 1994	Service Tax	Customs, Excise and Service Tax Appellate Tribunal, Bengaluru	April 2007 to March 2012	8.70
		Commissioner of Central Excise and Service Tax Appeal, Bengaluru	January 2007 to March 2011	1.28
			April 2012 to June 2017	14.57#
			January 2017 to June 2017	0.82
			January 2018	4.33
Section 5(4) of the Karnataka Tax on Entry of Goods Act, 1979	Entry Tax	Karnataka Appellate Tribunal	April 2009 to March 2010	2.26
The Central Goods and Services tax act, 2017	Goods and Service Tax	The Superintendent of Central Tax	April 19 and May 19	1.26
Central Excise Act, 1944	Excise Duty	Director General of Goods and Service Tax, Intelligence	FY 2013-14 to FY 2017-18	31.53

^ Net of Rs. 1.28 Million paid under protest
# Net of Rs. 1. 18 Million paid under protest

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans from banks have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Monisha Parikh
(Partner)
(Membership No. 47840)
(UDIN: 21047840AAAABN5065)

Place: Bengaluru
Date:19 April 2021

Sansera Engineering Limited
Standalone balance sheet as at 31 March 2021

(Amount in ₹ millions)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3.a	9,352.23	8,769.99
Capital work-in-progress		544.70	672.96
Intangible assets	3.b	3.04	5.22
Right-of-use-asset	3.c	185.31	202.61
Financial assets			
(i) Investments	4	994.73	1,157.15
(ii) Loan	5	134.94	128.88
(iii) Other financial assets	5.a	9.89	31.42
Tax assets for current taxes (net)	6.a	9.91	12.06
Other non-current assets	7	191.56	174.87
Total non-current assets		**11,426.31**	**11,155.16**
Current assets			
Inventories	8	2,022.71	1,975.77
Financial assets			
(i) Investments	9	5.58	3.53
(ii) Trade receivables	10	2,913.52	2,449.32
(iii) Cash and cash equivalents	11	116.73	588.08
(iv) Bank balances other than cash and cash equivalents	12	281.30	105.47
(v) Other financial assets	13	204.88	234.16
Other current assets	14	327.01	437.61
Total current assets		**5,871.73**	**5,793.94**
Total assets		**17,298.04**	**16,949.10**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15.a	93.87	93.87
Instruments entirely equity in nature	15.b	105.00	105.00
Other equity	16	8,675.51	7,714.29
Total equity		**8,874.38**	**7,913.16**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Long term borrowings	17	1,787.38	1,644.74
(ii) Lease liabilities	3.c	136.24	154.29
(iii) Others financial liability	18.a	-	11.04
Non-current provision	19	126.96	99.17
Deferred tax liabilities (net)	20	585.32	534.38
Other non-current liability	21	467.16	425.89
Total non-current liabilities		**3,103.06**	**2,869.51**
Current liabilities			
Financial liabilities			
(i) Short-term borrowings	22	2,048.47	3,265.26
(ii) Lease liabilities	3.c	50.03	42.73
(iii) Trade payables	23		
- Total outstanding dues of micro enterprises and small enterprises		79.12	65.79
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,716.14	1,360.64
(iv) Others financial liabilities	18.b	1,185.68	1,180.53
Other current liabilities	25	145.38	131.84
Current provisions	24	95.24	90.39
Current tax liabilities (net)	6.b	0.54	29.25
Total current liabilities		**5,320.60**	**6,166.43**
Total equity and liabilities		**17,298.04**	**16,949.10**

See accompanying notes forming part of financial statements

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

In terms of our report attached

for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 008072S

Monisha Parikh
Partner
Membership No. 47840

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date: 19 April 2021

for **Sansera Engineering Limited**
CIN: U34103KA1981PTC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F.R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Chief Executive Officer

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 19 April 2021

Sansera Engineering Limited
Standalone statement of profit and loss for the year ended 31 March 2021

(Amount in ₹ millions)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations	26	13,513.40	12,615.64
Other income	27	168.49	182.70
Total income		**13,681.89**	**12,798.34**
Expenses			
Cost of materials consumed	28	5,877.12	5,417.36
Changes in inventory of finished goods and work in progress	29	(53.86)	(30.59)
Conversion charges		486.54	452.96
Consumption of stores and spares		1,156.25	1,136.34
Power and fuel		560.04	634.01
Employee benefits expenses	30	1,692.44	1,700.38
Finance costs	31	411.94	512.05
Depreciation and amortisation expense	32	883.45	813.47
Other expenses	33	1,342.88	1,257.77
Total expenses		**12,356.80**	**11,893.75**
Profit before tax		**1,325.09**	**904.59**
Tax expenses:	37		
Current tax		289.44	237.06
Deferred tax charge / (credit)		56.85	(154.21)
Total tax expenses		**346.29**	**82.85**
Profit for the year		**978.80**	**821.74**
Other comprehensive expense			
Items that will not to be reclassified to profit or loss			
Re-measurement of the net defined benefit liability		(23.49)	(10.70)
Income tax relating to items that will not be reclassified to profit aud loss		5.91	2.69
Other comprehensive expense for the year, net of income tax		**(17.58)**	**(8.01)**
Total comprehensive income for the year, net of tax		**961.22**	**813.73**
Earnings per equity share (face value of ₹ 2 each)			
Basic (in ₹)	34	19.05	15.99
Diluted (in ₹)	34	18.63	15.64

See accompanying notes forming part of financial statements

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

As per our report of even date attached:

for Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No: 008072S

Monisha Parikh
Partner
Membership No. 47840

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date: 19 April 2021

for **Sansera Engineering Limited**
CIN: U34103KA1981PTC004542

S Sekhar Vasan
Managing Director
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F.R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Chief Executive Officer

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 19 April 2021

Sansera Engineering Limited
Standalone statement of cash flows for the year ended 31 March 2021

(Amount in ₹ millions)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flows from operating activities			
Profit before tax		1,325.09	904.59
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortisation of non current assets	32	883.45	813.47
Income from government grants	27	(45.11)	(40.89)
Interest Income	27	(21.58)	(10.01)
Fair value gain on financial instruments at fair value profit or loss	27	(2.05)	-
Gain on Disposal of Property, Plant and Equipment	27	(4.68)	(2.01)
Gain on foreign currency transactions, net		(52.16)	9.50
Insurance claim receivable written off	33	11.26	10.50
Finance Costs recognised in profit or loss	31	411.94	512.05
Operating cash flows before working capital changes		**2,506.16**	**2,197.20**
Working capital adjustments:			
(Increase)/Decrease in Trade Receivables		(368.50)	124.23
(Increase)/Decrease in other current and non-current assets and current financial assets		68.98	135.14
(Increase)/Decrease in Inventories		(46.94)	52.86
Increase/(Decrease) in trade payables and financial liabilities		354.46	(94.73)
Increase/(Decrease) in other liabilities and provisions		5.36	22.17
Cash generated from operations		**2,519.52**	**2,436.87**
Income taxes paid, net		(316.00)	(243.27)
Net cash generated from operating activities (A)		**2,203.52**	**2,193.60**
Cash flows from investing activities			
Payments for property, plant and equipment	3.a	(1,260.52)	(1,699.82)
Proceeds from disposal of property, plant and equipment	3.a / 27	11.44	26.10
Receipt of government grant		92.67	37.16
Investments in subsidiaries		-	(72.56)
Proceeds on redemption of Investments in subsidiaries	4.a	162.42	-
Interest received	27	21.58	10.01
Movement in Fixed deposit, net	12	(175.83)	(35.96)
Net cash used in investing activities (B)		**(1,148.24)**	**(1,735.07)**
Cash flows from financing activities			
Proceeds/(repayment) of long-term borrowings:			
Proceeds	17	1,048.42	789.50
Repayment	17	(952.17)	(903.29)
Proceeds/(repayment) of short-term borrowings, net	22	(1,207.25)	548.51
Interest paid		(397.01)	(512.05)
Payment of principal portion of lease liabilities		(23.35)	(24.39)
Net cash (used in)/generated from financing activities (C)		**(1,531.36)**	**(101.72)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(476.08)**	**356.81**
Cash and cash equivalents at the beginning of the year	11	588.08	222.49
Effects of exchange gain ou restatement of foreign currency cash and cash equivalents		4.73	8.78
Cash and cash equivalents at the end of the year (refer below)	11	**116.73**	**588.08**
For the purpose of statement of cash flows, cash and cash equivalents comprise the following:			
Cash on hand		0.71	1.12
Balance with banks			
- on current accounts		116.02	586.96
		116.73	**588.08**

See accompanying notes forming part of financial statements

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

As per our report of even date attached:

for Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No: 008072S

Monisha Parikh
Partner
Membership No. 47840

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date: 19 April 2021

for **Sansera Engineering Limited**
CIN: U34103KA1981PTC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F.R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Chief Executive Officer

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 19 April 2021

Sansera Engineering Limited
Standalone statement of changes in equity for the year ended 31 March 2021

A. Equity share capital (Amount in ₹ millions)

Equity shares	No. of shares	Amount
Equity shares of ₹2 each issued, subscribed and fully paid up	46,936,500	93.87
Balance as at 31 March 2020	**46,936,500**	**93.87**
Balance as at 31 March 2021	**46,936,500**	**93.87**

B. Instruments entirely equity in nature

Compulsorily Convertible Preference Share	No. of shares	Amount
A Series, 0.0001% compulsorily convertible preference shares of ₹100 each	300,000	30.00
B Series, 0.0001% compulsorily convertible preference shares of ₹100 each	750,000	75.00
Balance as at 31 March 2020	**1,050,000**	**105.00**
Balance as at 31 March 2021	**1,050,000**	**105.00**

C. Other equity

Particulars	Reserves and Surplus						Total equity
	Capital redemption reserve	Capital reserve	Securities premium	General reserve	Retained enrnings	Employee stock option reserve	
Balance as at 1 April 2019	**0.55**	**8.00**	**1,216.76**	**135.51**	**5,382.03**	**182.00**	**6,924.85**
Profit for the year	-	-	-	-	821.74	-	821.74
Remeasurement of the net defined benefit liability (Refer note below)	-	-	-	-	(8.01)	-	(8.01)
Impact on account of adoption of Ind AS 116, net of tax impact (Refer note 3.c)	-	-	-	-	(24.29)	-	(24.29)
Balance as at 31 March 2020	**0.55**	**8.00**	**1,216.76**	**135.51**	**6,171.47**	**182.00**	**7,714.29**
Profit for the year	-	-	-	-	978.80	-	978.80
Remeasurement of the net defined benefit liability (Refer note below)	-	-	-	-	(17.58)	-	(17.58)
Balance as at 31 March 2021	**0.55**	**8.00**	**1,216.76**	**135.51**	**7,132.69**	**182.00**	**8,675.51**

In accordance with Notification G.S.R 404(E) , dated 06 April 2016, remeasurement of defined benefit plans is recognised as a part of retained earnings.

See accompanying notes forming part of financial statement

As per our report of even date attached:

for Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No: 008072S

Monisha Parikh
Partner
Membership No. 47840

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date: 19 April 2021

for **Sansera Engineering Limited**
CIN: U34103KA1981PTC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F.R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Chief Executive Officer

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 19 April 2021

Sansera Engineering Limited
Notes to the standalone Ind AS financial statements for the year ended 31 March 2021

Company Overview

Sansera Engineering Limited ("the Company") was incorporated on 15 December 1981 under the provisions of the Companies Act, 1956 with its registered office in Bangalore, Karnataka. The Company is involved in the business of manufacture of auto components such as rocker arms, connecting rods, gear shifters, crank shafts, and aerospace components. It is also involved in providing services such as forging and other related services.

1. Basis of preparation

a. Statement of compliance

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b. Functional and presentation currency

Items included in the Standalone Ind AS financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These Standalone Ind AS financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions, unless otherwise indicated.

c. Basis of measurement

The standalone Ind AS financial statements have been prepared on the historical cost basis except for the following items:

- Derivative instruments at fair value;
- Net defined benefit (asset)/liability at fair value of plan assets less present value of defined benefit obligations.
- Current investments at fair value through standalone statement of profit and loss.

d. Use of estimates and judgements

The preparation of the standalone Ind AS financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone Ind AS financial statements is included in lease classification.

1. Basis of preparation (continued)

d. Use of estimates and judgements (continued)

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2020 is included in the following notes:

- Note 2.1, 2.2, 3.a and 3.b - Depreciation and amortisation method and useful lives of items of property, plant and equipment and intangibles assets;
- Note 3.a and 3.b – Impairment of property, plant and equipment;
- Note 4 – Impairment of investment in subsidiaries;
- Note 37 – Recognition of deferred tax assets.
- Note 19, 24 & 39– measurement of defined benefit obligations: key actuarial assumptions;
- Note 42 – Impairment of financial assets;
- Note 13 and 18.b – Derivative contracts at fair value;

e. Measurement of fair values

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

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

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

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

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Note 40 - Share-based payments arrangements; and
- Note 42 - financial instruments;

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

1. Significant accounting policies

2.1 Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the standalone statement of profit or loss.

Borrowing costs directly attributable to the acquisition/construction of the qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expense in the standalone statement of profit and loss in the period in which these are incurred.

ii. Depreciation methods, estimated useful lives and residual values

Depreciation is provided on a Straight Line Method ("SLM") over the useful life of property, plant and equipment as prescribed under Part C of Schedule II of the Companies Act, 2013. Depreciation for assets purchased/sold during a period is proportionately charged. The useful lives for property, plant and equipment is as follows:

Asset category	Estimated useful life
Buildings	30
Plant and machinery	15
Furniture and fixtures	10
Vehicles .	8
Office equipment	5
Electrical installations	10
Computers (including software)	3-6

Freehold land is not depreciated.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS * BENGALURU *

2. Significant accounting policies (continued)

2.2 Intangible assets

Intangible assets purchased are measured at cost less accumulated amortisation and accumulated impairment, if any. Intangible assets are amortised in the statement of profit and loss over their estimated useful lives of 3 years on a straight-line basis.

2.3 Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment loss, if any.

2.4 Inventories

Inventories are measured at the lower of cost and net realisable value (NRV). Cost comprises purchase price and all expenses incurred in bringing the inventory to its present location and condition. Cost has been determined as follows:

Raw materials, stores and spares	:	on weighted average basis
Work in progress	:	includes cost of conversion
Finished goods	:	includes cost of conversion

i. Fixed production overheads are allocated on the basis of normal capacity of production facilities. The comparison of cost and NRV is made on an item-by-item basis. Spare parts that meets the definition of asset are capitalised at their respective carrying amounts. The NRV of work-in-progress is determined with reference to NRV of related finished goods.

ii. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their NRV.

iii. Provision for inventory obsolescence is assessed periodically and is provided as considered necessary.

2.5 Revenue recognition

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligation in contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised upon transfer of control of goods or services to buyer in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services.

Sale of products is adjusted net of Goods and Service tax, returns, trade discounts, and volume rebates.

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2. Significant accounting policies (continued)

2.5 Revenue recognition (continued)

Service income is recognized when the related services are rendered unless significant future contingencies exist.

Export incentives are recognised in the statement of profit and loss when the right to receive credit as per the terms of the entitlement is established in respect of export made.

Dividend income is recognised in standalone statement of profit and loss on the date on which the right to receive payment is established.

Interest on the deployment of funds is recognised using the time-proportion method, based on underlying interest rates.

2.6 Foreign currency transactions

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

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.7 Government Grants

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

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Grants related to income are government grants other than those related to assets.

Government grants relating to an expense item are recognized in the standalone statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented as a deduction in reporting the related expense. The presentation approach is applied consistently to all similar grants.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to the standalone statement of profit and loss over the periods and in proportions in which depreciation expense on those assets is recognized.

Income from export incentives are recognized in the standalone statement of profit and loss when the right to receive credit as per the terms of the entitlement is established in respect of exports made and disclosed as other operating revenues.

2. Significant accounting policies (continued)

2.7 Government Grants (continued)

Income from government incentives (other than export incentive) are recognized in the standalone statement of profit and loss when the right to receive credit as per the terms of the entitlement and disclosed as a reduction to the related expenses.

2.8 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date and a lease liability at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and a charge or credit to the standalone statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in standalone statement of profit and loss.

Lease payments associated with following leases are recognised as expense on straight-line basis:

(i) Low value leases; and
(ii) Leases which are short-term

2. Significant accounting policies (continued)

2.9 Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

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

ii. Classification and subsequent measurement

Financial assets

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income (FVOCI) if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This includes other investments.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss (FVTPL). This includes all derivative assets and current investments.

Financial liabilities

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense and are recognised in standalone statement of profit and loss. Other financial liabilities are subsequently carried at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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2. Significant accounting policies (continued)

2.9 Financial instruments (continued)

Derivative Instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative instruments are recorded at fair value on every reporting date with changes being accounted in standalone statement of profit and loss.

iii. Derecognition

Financial assets

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

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the standalone statement profit or loss.

2.10 Impairment

i. Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12 month ECL.

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2. Significant accounting policies (continued)

2.10 Impairment (continued)

ii. Impairment of non - financial assets

A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Company's non-financial assets, other than inventories and deferred tax assets, are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the standalone statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the standalone statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.11 Employee benefits

i. Defined benefit plan

Gratuity

The Company's gratuity plan is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plan is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the standalone balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The calculation of the Company's obligation is performed annually by an independent actuary using the projected unit credit method as at the balance sheet date. Non-accumulating compensated absences are recognised in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the standalone statement of profit and loss.

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2. Significant accounting policies (continued)

2.11 Employee benefits (continued)

ii. Defined contribution plan

Provident fund

Provident fund is a post-employment benefit plan under which the Company makes specified monthly contribution towards Government administered provident fund scheme. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in the standalone statement of profit and loss during the period in which the related services are rendered by the employees.

iii. Share-based payment transactions

Employees of the Company receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The expense is recognised in the standalone statement of profit and loss with a corresponding increase in equity over the period that the employees unconditionally become entitled to the award. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

2.12 Income Taxes

Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current income tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted at the reporting date.

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

Minimum alternate tax

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. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the standalone statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement, if any, to the extent there is no longer convincing evidence to the effect that the Company will pay normal income-tax during the specified period.

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2. Significant accounting policies (continued)

2.12 Income Taxes (continued)

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.13 Earnings per share

The basic earnings per share is calculated by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, after adjustment for the effects of all dilutive potential equity shares.

2.14 Provisions and contingencies

A provision is recognised when an enterprise has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the standalone Ind AS financial statements.

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2. Significant accounting policies (continued)

2.15 Cash flow statement

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

2.16 Segment reporting

Based on the "management approach" as defined in Ind AS 108 - Operating Segments, Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM). The CODM evaluates the Company's performance and allocates resources based on single segment approach and accordingly information has been presented.

2.17 Recent accounting pronouncements

On March 24, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Group is evaluating the effect of the amendments on its financial statements.

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Notes to the standalone Ind AS financial statements for the year ended 31 March 2021 (continued)

3.a Property, plant and equipment

(Amount in ₹ millions)

Particulars	Owned property, plant and equipment									
	Land # (1)	Buildings (2)	Plant and machinery (3)	Furniture and fixtures (4)	Vehicles (5)	Office equipment (6)	Electrical installations (7)	Computers (8)	Leasehold Land (Refer note 3.c)	Total
Gross carrying amount										
As at 1 April 2019	**320.20**	**925.43**	**7,901.41**	**36.47**	**122.62**	**31.48**	**395.46**	**79.42**	**37.90**	**9,850.39**
Additions	-	209.14	1,050.77	2.91	5.81	2.99	64.31	8.64	-	**1,344.57**
Reclassified on account of adoption of Ind AS 116	-	-	-	-	-	-	-	-	(37.90)	**(37.90)**
Disposals	-	-	(35.45)	-	(10.92)	(0.10)	(1.05)	-	-	**(47.52)**
As at 31 March 2020	**320.20**	**1,134.57**	**8,916.73**	**39.38**	**117.51**	**34.37**	**458.72**	**88.06**	-	**11,109.54**
Additions	123.14	28.38	1,235.06	0.35	4.34	7.42	32.52	6.45	-	**1,437.66**
Disposals	-	-	(18.84)	-	(3.36)	(0.10)	-	(17.60)	-	**(39.90)**
As at 31 March 2021	**443.34**	**1,162.95**	**10,132.95**	**39.73**	**118.49**	**41.69**	**491.24**	**76.91**	-	**12,507.30**
Accumulated depreciation										
As at 1 April 2019	-	**82.06**	**1,279.49**	**12.63**	**42.30**	**14.77**	**111.35**	**43.05**	**1.47**	**1,587.12**
Depreciation charge for the year	-	38.66	656.45	3.32	16.07	6.10	41.99	14.74	-	**777.33**
Reclassified on account of adoption of Ind AS 116	-	-	-	-	-	-	-	-	(1.47)	**(1.47)**
Disposals	-	-	(12.02)	-	(10.44)	(0.01)	(0.96)	-	-	**(23.43)**
As at 31 March 2020	-	**120.72**	**1923.92**	**15.95**	**47.93**	**20.86**	**152.38**	**57.79**	-	**2339.55**
Depreciation charge for the year	-	42.46	723.02	3.40	16.46	5.48	43.99	13.85	-	**848.66**
Disposals	-	-	(12.16)	-	(3.36)	(0.02)	-	(17.60)	-	**(33.14)**
As at 31 March 2021	-	**163.18**	**2,634.78**	**19.35**	**61.03**	**26.32**	**196.37**	**54.04**	-	**3,155.07**
Carrying amounts (net)										
As at 31 March 2021	**443.34**	**999.77**	**7,498.17**	**20.38**	**57.46**	**15.37**	**294.87**	**22.87**	-	**9,352.23**
As at 31 March 2020	**320.20**	**1,013.85**	**6,992.81**	**23.43**	**69.58**	**13.51**	**306.34**	**30.27**	-	**8,769.99**

Note:

It includes land of 60786.60 sq.mts allocated by Karnataka Industrial Area Development (KIADB) at Plot no. 48, 2nd Phase, Sector -2, Bidadi Industrial Area for a period of 10 years w.e.f 8th Aug 2014 to the Company on a lease cum sale basis, wherein the Company intends to transfer in its name on completion of the period.

i) Refer note 17 for details of charge over the Company's property, plant and equipment for the borrowings taken by the Company.

ii) Refer note 21 for amortisation of Government grant related to property, plant and equipment.

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3.b Intangible assets

(Amount in ₹ millions)

Particulars	Owned intangible asset	
	Computer software	Total
Gross carrying amount		
Balance as at 1 April 2019	**13.05**	**13.05**
Additions	-	-
Disposals	-	-
Balance as at 31 March 2020	**13.05**	**13.05**
Additions	-	-
Disposals	-	-
Balance as at 31 March 2021	**13.05**	**13.05**
Accumulated amortisation		
Balance as at 1 April 2019	**5.65**	**5.65**
Amortisation for the year	2.18	2.18
Disposals	-	-
Balance as at 31 March 2020	**7.83**	**7.83**
Amortisation for the year	2.18	2.18
Disposals	-	-
Balance as at 31 March 2021	**10.01**	**10.01**
Carrying amounts (net)		
Balance as at 31 March 2021	**3.04**	**3.04**
Balance as at 31 March 2020	**5.22**	**5.22**

(Amount in ₹ millions)

3.c Right-of-use assets and lease liabilities

i) Following are the changes in the carrying value of right of use assets for the year ended 31 March 2021:

Particulars	Leasehold land	Lease buildings	Total
Balance as at 1 April 2019	0.22	140.36	**140.58**
On account of adoption of Ind AS 116	36.43	8.08	44.51
Additions	-	51.48	51.48
Deletion	-	-	-
Depreciation	(0.44)	(33.52)	(33.96)
Balance as at 31 March 2020	**36.21**	**166.40**	**202.61**
Additions	-	15.31	15.31
Deletion	-	-	-
Depreciation	(0.46)	(32.15)	(32.61)
Balance as at 31 March 2021	**35.75**	**149.56**	**185.31**

ii) The following is the movement in lease liabilities during the year ended 31 March 2021:

Particulars	Leasehold land	Lease buildings	Total
Balance as at 1 April 2019	1.72	171.04	**172.76**
Additions	-	48.65	48.65
Finance cost accrued during the year	0.14	18.59	18.73
Deletions	-	-	-
Payments	(0.14)	(42.98)	(43.12)
Balance as at 31 March 2020	**1.72**	**195.30**	**197.02**
Additions	-	15.31	15.31
Finance cost accrued during the year	0.14	19.05	19.19
Rental concession *		(2.71)	(2.71)
Deletions	-	-	-
Payments	(0.14)	(42.40)	(42.54)
Balance as at 31 March 2021	**1.72**	**184.55**	**186.27**

iii) The following is the break-up of current and non-current lease liabilities:

Particulars	As at 31 March 2021	As at 31 March 2020
Current lease liabilities	50.03	42.73
Non-current lease liabilities	136.24	154.29
Total	**186.27**	**197.02**

iv) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at 31 March 2021	As at 31 March 2020
Less than one year	50.03	42.73
One to five years	148.93	165.44
More than five years	41.88	55.73
Total lease liabilities	**240.84**	**263.90**
Less: implicit interest	**54.57**	**66.88**
Lease liabilities included in Balance sheet	**186.27**	**197.02**

v) Amount recognised in statement of profit and loss

Particulars	As at 31 March 2021	As at 31 March 2020
Depreciation on Right-of-use assets	32.61	33.96
Interest on lease liabilities	19.19	18.73
Low value lease (included with rent, classified under other expenses)	2.31	2.97

vi) Amount recognised in statement of cash flow

Particulars	As at 31 March 2021	As at 31 March 2020
Cash outflows for leases		
Interest portion of lease liabilities	19.19	18.73
Principal portion of lease liabilities	23.35	24.39
Total	**42.54**	**43.12**

* During the year the company has applied the practical expedient to all eligible rent concessions and subsequently an amount of ₹ 2.71 million has been recognized in profit or loss.

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4 Investments

4.a Investments in subsidiaries

Particulars	As at 31 March 2021	As at 31 March 2020
Unquoted		
Investments in subsidiaries (Carried at cost)		
Investment in equity instruments		
Fitwel Tools and Forgings Private Limited (248,872 (31 March 2020: 248,872) equity shares of ₹10 each fully paid up)	201.65	201.65
Sansera Engineering Pvt. Ltd, Mauritius (10,000 (31 March 2020: 10,000) equity shares of Euro 10 each fully paid up	6.88	6.88
Investment in preference shares		
Sansera Engineering Pvt. Ltd., Mauritius		
490,000 (31 March 2020: 490,000) optionally redeemable preference shares of Euro 10 each fully paid up	337.02	337.02
140,000 Series A (31 March 2020: 140,000) optionally redeemable preference shares of Euro 10 each fully paid up	105.25	105.25
30,000 Series B (31 March 2020: 160,000) optionally redeemable preference shares of Euro 10 each fully paid up	10.68	120.29
380,000 Series C (31 March 2020: 440,000) optionally redeemable preference shares of Euro 10 each fully paid up	296.32	349.13
Total (a)	**957.80**	**1,120.22**

Note: The Optionally Redeemable Preference Shares held by the Company can be converted into equity shares in Sansera Engineering Pvt. Ltd., Mauritius at a fixed ratio of 1:1 at the option of Sansera Engineering Pvt. Ltd., Mauritius.

4.b Other Investment-Unquoted (Measured at fair value through other comprehensive income)

Partner contribution		
Cleanmax Vega Power LLP* 26% (31 March 2020: 26%)	36.93	36.93
Total (b)	**36.93**	**36.93**
Total (a+b)	**994.73**	**1,157.15**

* On May 3, 2019, the Company had entered in to a Group Captive Power Project agreement with Clean Max Vega Power LLP ("LLP") and Clean Max Enviro Energy Solutions Private Limited towards generation and supply of renewable energy for private consumers of electricity. The agreement is for the period of 25 years wherein the Company has committed to purchase atleast 51% of the total power produced by the power producer.

Aggregate amount of unquoted investments	994.73	1,157.15
Aggregate amount of quoted investments	-	-
Aggregate amount of impairment in investments	-	-

5 Loan, non-current

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposits		
-Unsecured, considered good	134.94	128.88
-Doubtful	-	-
Total	**134.94**	**128.88**

5.a Other financial assets, non-current

Particulars	As at 31 March 2021	As at 31 March 2020
-In deposit accounts (due to mature with more than 12 months from the reporting date)*	0.75	4.97
Loans to key managerial personnel (Refer note 38)	-	3.88
Loans to employees	9.14	22.57
Total	**9.89**	**31.42**

*Includes certain deposits pledged against bank guarantees and letter of credits provided by the bank.

6.a Tax assets for current taxes (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Advance tax including tax deducted at source, net of provision for tax	9.91	12.06
Total	**9.91**	**12.06**

6.b Income tax liabilities, net

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for tax, net of advance tax including tax deducted at source	0.54	29.25
Total	**0.54**	**29.25**

7 Other non-current assets

Particulars	As at 31 March 2021	As at 31 March 2020
Capital advances	187.93	168.66
Prepayments	0.49	3.07
Duty paid under protest	3.14	3.14
Total	**191.56**	**174.87**

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8 Inventories (valued at lower of cost and net realisable value)

Particulars	As at 31 March 2021	As at 31 March 2020
Raw materials *	584.55	522.04
Work in progress	854.93	824.48
Finished goods **	347.33	323.92
Stores and spares	252.90	315.48
Total	**2,039.71**	**1,985.92**
Less: Provision for obsolete inventory	17.00	10.15
Total	**2,022.71**	**1,975.77**

* Includes stock of assembled components.
** Includes stock in transit of ₹ 80.49 million (31 March 2020 : ₹ 53.33 million)

The mode of valuation of inventories has been stated in note 2.4

9 Current investments

Particulars	As at 31 March 2021	As at 31 March 2020
Quoted equity shares		
Equity shares at fair value through statement of profit and loss		
800 (31 March 2020: 800) equity shares of ₹10 each fully paid up of Maruti Suzuki India Ltd	5.58	3.53
Total	**5.58**	**3.53**
Aggregate amount of quoted investments	5.58	3.53
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in investments	-	-

10 Trade receivables

Particulars	As at 31 March 2021	As at 31 March 2020
-Considered good - Secured.	-	-
-Considered good - Unsecured *	2,931.70	2,467.50
-That have an increase in Credit Risk that is significant.	-	-
- Credit Impaired.	-	-
	2,931.70	**2,467.50**
Less: Allowance for credit losses	(18.18)	(18.18)
Total	**2,913.52**	**2,449.32**

*Includes receivables from related parties refer note 38.

The Company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 42.

The average credit period on sales of goods is 72 days. No interest is charged on trade receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix, The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows

Ageing	*Expected Credit loss (%)*
within the credit period	0.00%
1-90 days past due	0.05% to 0.84%
91-180 days past due	1.88% to 2.00%
181-270 days past due	9.81% to 25.93%
271-360 days past due	32.45% to 42.66%
More than 360 days past due	100.00%

Age of receivables

	As at 31 March 2021	As at 31 March 2020
within the credit period	2,180.56	1733.74
1-90 days past due	678.73	662.19
91-180 days past due	57.44	47.98
181-270 days past due	5.38	6.40
271-360 days past due	5.10	3.22
More than 360 days past due	4.49	13.97
Total	**2,931.70**	**2,467.50**

11 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	0.71	1.12
Balance with banks		
- in current accounts	116.02	586.96
Total	**116.73**	**588.08**

12 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
-In deposit accounts (due to mature within 12 months from the reporting date)*	281.30	105.47
Total	**281.30**	**105.47**

*Includes certain deposits pledged against bank guarantees and letter of credits provided by the bank.

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13 Other current financial assets (Unsecured, considered good)

Particulars	As at 31 March 2021	As at 31 March 2020
Insurance Claim receivable	-	106.50
Amounts recoverable from shareholders (Proposed IPO related) (Refer note 38)	94.21	94.21
Unbilled revenue	34.83	15.99
Loans to key managerial personnel (Refer note 38)	3.88	-
Loan to employees	22.93	8.31
Derivative contracts at fair value	38.54	-
Others	10.49	9.15
Total	**204.88**	**234.16**

14 Other current assets

Particulars	As at 31 March 2021	As at 31 March 2020
Duty drawback receivables	71.61	102.08
Advance to suppliers	67.43	108.05
Balances with government authorities	151.76	201.36
Prepayments expenses	36.21	26.12
Total	**327.01**	**437.61**

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(Amount in ₹ millions)

15.a Equity share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
Equity shares		
62,500,000 (31 March 2020: 62,500,000) equity shares of ₹2 each (31 March 2020: ₹2 each)	125.00	125.00
	125.00	**125.00**
Issued, subscribed and paid up share capital		
Equity shares		
46,936,500 (31 March 2020: 46,936,500) equity shares of ₹2 each (31 March 2020: ₹2 each)	93.87	93.87
	93.87	**93.87**

i. List of persons holding more than 5 percent shares in equity shares of the Company

Name of the share holder	As at 31 March 2021		As at 31 March 2020	
	No of shares	% holding	No of shares	% holding
Client Ebene Limited	15,343,900	32.69	15,343,900	32.69
CVCIGPII Employee Ebene Limited	8,593,425	18.31	8,593,425	18.31
S Sekhar Vasan	12,307,600	26.22	12,307,600	26.22
Unni Rajagopal	3,416,925	7.28	3,416,925	7.28
D Devaraj *	3,416,925	7.28	3,416,925	7.28
F R Singhvi	3,416,925	7.28	3,416,925	7.28

*includes 669,175 shares held by D. Devaraj as the Karta of a HUF.

ii. Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	No of shares	₹	No of shares	₹
Equity shares				
At the beginning of the year	46,936,500	93.87	46,936,500	93.87
At the end of the year	46,936,500	93.87	46,936,500	93.87

Note:

a. During the year 2018-19, based on the shareholders' approval one equity share of 100 each was sub-divided into 50 equity shares of ₹2 each with effect from 27 July 2018. Subsequently, the Company had issued bonus shares in the proportion of 27:2.

iii. Shares held by holding / ultimate holding company and / or their subsidiaries / associates:

Name of the shareholder	As at 31 March 2021		As at 31 March 2020	
	No of shares	Amount	No of shares	Amount
Equity shares				
Client Ebene Limited	15,343,900	30.69	15,343,900	30.69
CVCIGPII Employee Ebene Limited	8,593,425	17.19	8,593,425	17.19
Total	**23,937,325**	**47.88**	**23,937,325**	**47.88**

iv. As at March 31, 2021, the Company has reserved 2,362,050 shares (March 31, 2020 : 2,510,675 shares) for issuance towards outstanding employee stock option granted/available for grant Refer Note 40.

v. Rights, preferences and restrictions attached to equity shares.

The Company has a single class of equity shares. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the Shareholders' meeting. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive residual assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders or in line with the terms of the shareholders agreement as the case may be. Each of the promoters undertake that until the earlier of an IPO or the holders of CCPS and / or their affiliates ceasing to hold any shares in the Company, no promoter shall directly or indirectly, transfer or grant options on any of shares held by them in the Company unless agreed to in writing by the holders of CCPS. The promoters of the Company are S Sekhar Vasan, F R Singhvi, Unni Rajagopal K and D Devaraj.

vi. There are no shares bought back during 5 years immediately preceding 31 March 2021.

vii.There have been no shares allotted as fully paid up pursuant to contract without payment being received in cash during five years immediately preceding 31 March 2021, except as stated in Note 15(a)(ii)(a).

15.b Instruments entirely equity in nature

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised		
Preference shares		
A Series 300,000 (31 March 2020: 300,000), 0.0001% compulsorily convertible preference shares of ₹100 each	30.00	30.00
B Series 750,000 (31 March 2020: 750,000), 0.0001% compulsorily convertible preference shares of ₹100 each	75.00	75.00
Total	**105.00**	**105.00**
Issued, subscribed and paid up		
Preference shares		
A Series 300,000 (31 March 2020: 300,000), 0.0001% compulsorily convertible preference shares of ₹100 each	30.00	30.00
B Series 750,000 (31 March 2020: 750,000), 0.0001% compulsorily convertible preference shares of ₹100 each	75.00	75.00
Total	**105.00**	**105.00**

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15.b Instruments entirely equity in nature (Continued)

i. Reconciliation of the number of preference shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	No of shares	Amount	No of shares	Amount
Compulsorily Convertible Preference shares (CCPS) Series: A				
At the beginning of the year	300,000	30.00	300,000	30.00
Add: Issued during the year	-	-	-	-
At the end of the year	300,000	30.00	300,000	30.00
Compulsorily Convertible Preference shares (CCPS) Series: B				
At the beginning of the year	750,000	75.00	750,000	75.00
Add: Issued during the year	-	-	-	-
At the end of the year	750,000	75.00	750,000	75.00

ii. Shares held by holding / ultimate holding company and / or their subsidiaries / associates:

Name of the shareholder	As at 31 March 2021		As at 31 March 2020	
	No of shares	Amount	No of shares	Amount
Compulsorily Convertible Preference shares (CCPS) Series : A				
Client Ebene Limited	192,300	19.23	192,300	19.23
CVCIGPII Employee Ebene Limited	107,700	10.77	107,700	10.77
Total	**300,000**	**30.00**	**300,000**	**30.00**
Compulsorily Convertible Preference shares (CCPS) Series : B				
Client Ebene Limited	480,750	48.08	480,750	48.08
CVCIGPII Employee Ebene Limited	269,250	26.92	269,250	26.92
Total	**750,000**	**75.00**	**750,000**	**75.00**

iii. Rights, preferences and restrictions attached to preference shares:

Compulsorily convertible preference shares (CCPS) - [Series A and Series B]

Dividend rights

In accordance with the share subscription agreement dividend shall be equal to 0.0001 % per annum of the face value of the CCPS [Series A and Series B]. In any given financial year, the Company may not declare any dividend or other distribution to its holders.of equity shares unless it has first declared the preferential dividend for such financial year to the holders of the CCPS [Series A and Series B]. The dividends are non-cumulative.

Conversion of preference shares

In accordance with the share subscription agreement (SSA), CCPS [Series A and Series B] is convertible, on the expiry of 20 (twenty) years from the completion date respectively (July 7, 2033) and into a fixed share entitlement ratio as defined in the SSA.

The equity shares issued to the holders of the CCPS [Series A and Series B] pursuant to conversion shall be free of all encumbrances and shall (i) be fully-paid up, (ii) be transferable to any person in accordance with the terms of the agreement, (iii) carry full voting rights, and (iv) rank pari passu in every respect with other ordinary fully paid up equity shares.

16 Other equity

Summary of other equity balances*

Particulars	As at 31 March 2021	As at 31 March 2020
Reserves and surplus		
Capital redemption reserve	0.55	0.55
Capital reserve	8.00	8.00
Securities premium	1,216.76	1,216.76
General reserve	135.51	135.51
Retained earnings	7,132.69	6,171.47
Employee stock option outstanding account	182.00	182.00
Total	**8,675.51**	**7,714.29**

* Refer statement of changes in equity for detailed movement in other equity balances.

Nature and purpose of other equity:

Capital redemption reserve

The capital redemption reserve is created out of undistributed profits for purchase of its own shares.

Capital reserve

Capital reserve of ₹ 2.39 million refers to the subsidy received from the Government of Karnataka, Department of Industries and Commerce in the year 1999. This subsidy was received as the Company was a small scale industry in that particular year. It further includes ₹ 5.61 million as share of pre-acquisition profit of a subsidiary at the time of acquisition by the Company accounted as capital reserve.

Securities premium

Securities premium account comprises premium on issue of shares. The reserve is utilised in accordance with specific provision of the Companies Act, 2013.

General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to statement of profit and loss.

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors.

Employee stock option outstanding account

The fair value of the equity-settled share based payment transactions with employees is recognised in statement of profit and loss with corresponding credit to employee stock option outstanding account.

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17 Long term borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Secured at amortised cost		
Term loans from banks	1,345.66	990.36
Term loans from other financial institutions	441.72	654.38
Total	**1,787.38**	**1,644.74**

Term loans from banks and other financial institutions amounting to ₹ 2,810.50 million (31 March 2020: ₹ 2,702.74 million) are secured by hypothecation and mortgage of all present and future movable and immovable property, plant and equipments including plant and machinery, furniture and fixtures, and other equipments of the Company. Refer note 3.a .

Repayment and interest terms

Term loans from banks:

Repayment and interest terms	Name of the Lender	As at 31 March 2021	As at 31 March 2020
-Repayable in 20 equal quarterly instalments of ₹25.31 million per quarter starting from October 2015 and to be settled by July 2020. The loan carries interest rate of 9.85% p.a	Citi Bank	-	51.14
Repayable in 20 equal quarterly instalments of ₹20.00 million per quarter starting from August 2017 and to be settled by August 2022. The loan carries interest rate of 2% p.a	Citi Bank	137.64	237.43
Repayable in 20 equal quarterly instalments of ₹11.111 million per quarter starting from April 2017 and to be settled by July 2022. Loan amounting to ₹13.90 million carries interest rate of 8.15% p.a. and loan amounting to ₹50.00 million carries interest rate of 8.25%.	HSBC Bank	63.90	108.37
Repayable in 18 equal quarterly instalments of ₹13.89 million per quarter starting from September 2017 and to be settled by November 2022. Loan amounting to ₹33.34 million carries interest rate of 8.05% p.a. and loan amounting to ₹58.34 million carries interest rate of 7.9% p.a.	HSBC Bank	91.68	147.16
Repayable in 18 equal quarterly instalments of ₹13.89 million per quarter starting from January 2019 and to be settled by July 2023. Loan amounting to ₹75.02 million carries interest rate of 8.15% p.a. and loan amounting to ₹55.57 million carries interest rate of 8.05% p.a.	HSBC Bank	130.59	186.17
Repayable in 20 equal quarterly instalments of ₹12.26 million per quarter starting from April 2016 and to be settled by May 2021. The loan carries interest rate of 8.15% p.a.	HDFC Bank	12.26	61.79
Repayable in 20 equal quarterly instalments of ₹12.50 million per quarter starting from June 2017 and to be settled by March 2022. The loan carries interest rate of 7.3% p.a.	HDFC Bank	50.00	100.77
Repayable in 20 equal quarterly instalments of ₹21 million per quarter starting from March 2019 and to be settled by August 2023. The loan carries interest rate of 7.25% p.a.	HDFC Bank	210.00	296.06
Repayable in 20 equal quarterly instalments of ₹20 million per quarter starting from September 2019 and to be settled by June 2024. The loan carries a interest rate of 7.45% p.a.	HDFC Bank	260.00	342.45
Repayable in 20 equal quarterly instalments of ₹25 million per quarter starting from January 2021 and to be settled by October 2025. The loan carries a interest rate of 8.35% p.a.	HDFC Bank	475.00	-
Repayable in a bullet payment of ₹122.92 million in October 2021 and in a bullet repayment of ₹14.48 million in March 22 . The loan carries interest rate of 1.72% p.a.	DBS Bank	137.39	142.19
Repayable in a bullet payment of ₹15.01 million in March 2022. The loan carries interest rate of 1.50% p.a.	DBS Bank	15.01	178.08
Repayable in 16 equal monthly instalments of ₹34.87 million starting from October 2021 and to be settled by July 2025. The loan carries a interest rate of 7.35% p.a.	Axis Bank	557.91	-
Sub-total		**2,141.38**	**1,851.61**
Less: Current maturities (Refer note 18.b)		(795.72)	(861.25)
Total		**1,345.66**	**990.36**

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(Amount in ₹ millions)

Term loans from other financial institutions:

Repayment and interest terms	Name of the Lender	As at 31 March 2021	As at 31 March 2020
Repayable in 20 equal quarterly instalments of ₹20.00 million per quarter starting from July 2018 and to be settled by April 2024. The loan carries interest rate of 9% p.a.	Citi Financial Corporation Ltd	260.00	342.68
Repayable in 50 equal monthly instalments of ₹3.78 million starting from September 2017 and to be settled by August 2021. The loan carries interest rate of 8.00% p.a.	Bajaj Finance Limited	19.16	61.02
Repayable in 54 equal monthly instalments of ₹6.72 million starting from April 2019 and to be settled by September 2023. The loan carries interest rate of 8.00% p.a.	Bajaj Finance Limited	182.17	245.93
Repayable in 48 equal monthly instalments of ₹4.88 million starting from February 2021 and to be settled by January 2025. The loan carries interest rate of 8.00% p.a.	Bajaj Finance Limited	192.86	201.50
Sub-total		**654.19**	**851.13**
Less: Current maturities (Refer note 18.b)		(212.47)	(196.75)
Total		**441.72**	**654.38**

18.a Other financial liability, non current

Particulars	As at 31 March 2021	As at 31 March 2020
Capital creditors	-	11.04
Total	-	**11.04**

18.b Other current financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Current maturities of long term debt*	1,008.19	1,058.00
Capital creditors**	162.56	102.64
Derivative contracts at fair value	-	19.89
Accrued Interest	14.93	-
Total	**1,185.68**	**1,180.53**

*The Company's exposure to currency and liquidity risk related to other current financial liabilities are disclosed in note 42.
**Capital creditors include dues to micro and small enterprises of ₹ 25.00 million (March 2020: ₹ 8.60 million) (Refer note 44).

19 Non-current provision

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
Provision for gratuity (Refer note 39)	126.96	99.17
Total	**126.96**	**99.17**

20 Deferred tax liabilities (net)

Particulars		As at 31 March 2021	As at 31 March 2020
Deferred tax assets			
Provision for employee benefits		55.93	47.71
Security deposit		1.06	2.12
Allowance for credit losses		4.58	4.58
Derivative contracts at fair value		-	5.01
Right of use assets, net of lease liabilities (Ind AS 116)		8.81	7.31
Others		2.63	7.08
Total	**(a)**	**73.01**	**73.81**
Deferred tax liabilities			
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act.		647.19	607.30
On fair valuation of quoted investments		1.40	0.89
Derivative contracts at fair value		9.70	-
Others		0.04	-
Total	**(b)**	**658.33**	**608.19**
Deferred tax liabilities (net)	**(c) = (b)-(a)**	**585.32**	**534.38**

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21 Other non-current liability

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred government grant	467.16	425.89
Total	**467.16**	**425.89**

Movement in deferred government grant (Current and Non-current)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	467.04	457.15
Add: Grants received during the year	92.67	50.78
Less: Amortised to profit or loss	(45.11)	(40.89)
Closing balance	**514.60**	**467.04**
Less: Amounts expected to be recognised in the next 12 months (Refer note 25) - current	(47.44)	(41.15)
Net Closing balance, non-current	**467.16**	**425.89**

The Government grant related to property, plant and equipment is recognized as deferred income and is being amortized over the useful life of the asset in proportion in which the related depreciation expense is recognized. Also refer note 3.a .

22 Short-term borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Loans repayable on demand - Unsecured-at amortised cost		
From bank	-	100.00
From others	-	450.50
Loans from banks - Secured-at amortised cost		
Cash credit	40.95	-
Working capital loan	1,014.73	1,189.48
Packing credit	992.79	1,525.28
Total	**2,048.47**	**3,265.26**

Cash credit, working capital loan, packing credit loan from banks and others amounting to ₹ 2,048.47 million as at 31 March 2021 (31 March 2020: ₹ 2,714.76 million) are secured by hypothecation of current assets, movable and immovable property, plant and equipment of the Company.

Working capital loan carries interest rate ranging from 6.75% p.a. to 8.75% p.a. , Cash credit carries interest rate ranging from 7.1% p.a to 9.55% p.a and Packing credit carries interest rate ranging from 3.40 % p.a. to 5.80% p.a.

23 Trade payables

Particulars	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises (Refer note 44)*	79.12	65.79
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,398.75	1,134.49
Trade payable towards		
Accrued salaries and benefits	277.94	168.15
Accrued expenses	39.45	58.00
Total	**1,795.26**	**1,426.43**

* includes amount payable to related parties.

The Company's exposure to currency and liquidity risk related to trade payables are disclosed in note 42.

The average credit period on purchase of goods are 40 days. No interest is charged on the trade payable. The Company has financial risk management policies in place to ensure that all payables are paid within pre-agreed credit terms

Note: Expenses accrued towards good and services received has been classified under Trade payables instead of other financial liabilities.

24 Current provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
Provision for gratuity (Refer note 39)	23.36	17.43
Provision for compensated absences	71.88	72.96
Total	**95.24**	**90.39**

25 Other current liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Advance from customers	25.37	17.33
Statutory liability	72.57	73.36
Deferred government grant	47.44	41.15
Total	**145.38**	**131.84**

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26 Revenue from operations

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A. Revenue streams		
Sale of products	12,668.84	12,044.82
Sale of services	0.23	11.13
	12,669.07	**12,055.95**
Other operating revenues:		
- Scrap sales	484.97	375.21
- Tooling income	255.84	52.82
- Export incentive benefit	103.52	131.66
Total	**13,513.40**	**12,615.64**

B. Disaggregation of revenue from contracts with customers	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of products		
- India	8,948.63	9,173.87
- Europe	2,330.94	1,871.61
- USA	997.48	709.86
- Other foreign countries	391.79	289.48
	12,668.84	**12,044.82**
Sale of services		
- India	0.23	11.13
Tooling income		
- India	45.28	-
- Europe	105.90	42.26
- USA	90.07	10.56
- Other foreign countries	14.59	-
	255.84	**52.82**
Total revenue from contracts with customers		
- India	8,994.14	9,185.00
- Europe	2,436.84	1,913.87
- USA	1,087.55	720.42
- Other foreign countries	406.38	289.48
Total revenue from contract with customers	**12,924.91**	**12,108.77**

C. Reconciling the amount of revenue recognised with contract and total revenue:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Total revenue from contract with customers	12,924.91	12,108.77
Adjustments:		
Other operating revenues:		
- Export incentive benefit	103.52	131.66
- Scrap sales	484.97	375.21
Total	**13,513.40**	**12,615.64**

D. Timing of revenue recognition

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Good transferred at a point in time	12,669.07	12,055.95
Service transferred over time	255.84	52.82
Total revenue from contract with customers	**12,924.91**	**12,108.77**

E. Contract balances

Particulars	As at 31 March 2021	As at 31 March 2020
Trade receivables	2,913.52	2,449.32
Contract assets (Unbilled revenue)	34.83	15.99
Contract liabilities (Advance from customers)	25.37	17.33

F. The Company's revenue from its major products are as follows:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Connecting rods	4,398.20	3,803.14
Crank shaft assembly	2,509.90	2,531.40
Gear shifter forks	958.57	1,003.85
Rocker arms	2,835.99	2,899.88
Others*	1,966.18	1,806.55
Total revenue from sale of products	**12,668.84**	**12,044.82**

* Individual items of these are less than 10% of sale of products.

Revenue from sale of products from top three customers of the Company is 51.68% (as at 31 March 2020 - 52.30%) which is more than 10% of the Company's sale of products.

G. Contract liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	17.33	17.33
Revenue recognised during the year	(17.33)	(17.33)
Contract liabilities recognised during the year	25.37	17.33
Balance at the end of the year	**25.37**	**17.33**

Contract liabilities include advances received from customer towards supplies.

27 Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income	21.58	10.01
Fair value gain on financial instruments at fair value profit or loss	2.05	-
Gain/(loss) on disposal of property, plant and equipments, net	4.68	2.01
Net Foreign exchange gain, net	77.29	129.21
Income from government grants	45.11	40.89
Other non-operating income	17.78	0.58
Total	**168.49**	**182.70**

28 Cost of materials consumed

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Raw materials at the beginning of the year	522.04	579.74
Add: Purchases	5,939.63	5,359.66
Less: Raw materials at the end of the year	584.55	522.04
Total	**5,877.12**	**5,417.36**

29 Changes in inventories of work-in-progress and finished goods

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening balance		
Finished goods	323.92	270.48
Work-in-progress	824.48	847.33
	1,148.40	**1,117.81**
Closing balance		
Work-in-progress	854.93	824.48
Finished goods	347.33	323.92
	1,202.26	**1,148.40**
Changes in inventories of work-in-progress and finished goods	**(53.86)**	**(30.59)**

30 Employee benefit expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and wages	1,380.51	1,411.69
Contribution to provident and other funds (Refer note 39 A)	66.40	73.89
Gratuity expenses (Refer note 39 B)	35.25	30.20
Staff welfare expenses	210.28	184.60
Total	**1,692.44**	**1,700.38**

31 Finance costs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest Cost		
-Banks	307.04	335.61
-Others	81.65	111.05
Exchange differences regarded as an adjustment to borrowing costs	4.06	46.66
Interest on obligations under lease	19.19	18.73
Total	**411.94**	**512.05**

Bank charges of aggregating ₹ 25.65 million, included erroneously under interest cost in the previous year, has been reclassified to other expenses.

32 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation of property, plant and equipment	848.66	777.33
Depreciation of Right-of-use assets	32.61	33.96
Amortisation of intangible assets	2.18	2.18
Total	**883.45**	**813.47**

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33 Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Contract labour charges	720.02	632.54
Freight outward	161.55	108.57
Legal and professional (Refer note 36 and note 38)	49.27	61.71
Rates and taxes	44.51	17.43
Repairs and maintenance		
-building	102.05	112.73
-computers	47.65	50.62
-vehicles	23.54	24.47
Rent	2.31	2.97
Traveling and conveyance	19.27	47.72
Insurance	40.23	30.93
Printing and stationery	5.40	6.08
Communication expenses	4.92	6.39
Security charges	39.77	39.04
Selling and advertisement	1.34	4.57
Corporate social responsibility (Refer note 45)	28.74	30.00
Insurance claim receivable written off	11.26	10.50
Bank charges	21.27	25.65
Miscellaneous	19.78	45.85
Total	**1,342.88**	**1,257.77**

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34 Earnings Per Share (EPS) **(Amount in ₹ millions except no. of shares)**

Basic earnings per share is calculated by dividing the profit for the year available to the shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing the profit for the year available to the shareholders of the Company by the weighted average number of equity shares outstanding during the year, after adjustment for the effects of all dilutive potential equity shares. The details are as follows:

Particulars		For the year ended 31 March 2021	For the year ended 31 March 2020
Profit available to shareholders for calculation of basic and diluted earnings per share	A	978.80	821.74
Nominal value of equity shares (₹ per share)		2.00	2.00
Weighted average number of equity shares for calculation of basic earnings per share	B	51,377,850	51,377,850
Basic earnings per share (in ₹)	**A/B**	**19.05**	**15.99**
Weighted average number of equity shares for calculation of diluted earnings per share	C	52,551,625	52,551,625
Diluted earnings per share (in ₹)	**A/C**	**18.63**	**15.64**

Note : Basic Earning Per Share have been restated to include the impact of compulsorily convertible preference shares outstanding as at March 31, 2020 which was not considered earlier. There is no change in the diluted earnings per share.

Computation of weighted average number of shares

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Weighted average number of equity shares	46,936,500	46,936,500
Weighted average number of Compulsorily Convertible Preference Shares (CCPS) Series:A	4,439,900	4,439,900
Weighted average number of Compulsorily Convertible Preference Shares (CCPS) Series:B	1,450	1,450
Weighted average number of equity shares for calculation of basic earnings per share	**51,377,850**	**51,377,850**
Add: Impact of potentially dilutive equity shares:-		
Employee Stock Option Plan	1,173,775	1,173,775
Weighted average number of equity shares for calculation of diluted earnings per share	**52,551,625**	**52,551,625**

35 Contingent liabilities and commitments *(to the extent not provided for)* **(Amount in ₹ millions)**

Particulars	As at 31 March 2021	As at 31 March 2020
Contingent liabilities #		
Claims against the Company not acknowledged as debts:-		
Excise duty, entry tax and service tax matters (Refer note A)	79.04	79.04
Income tax matters (Refer note A)	6.39	6.39
Corporate guarantee for credit facility (Refer note B)	400.00	-
Commitments ##		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Refer note C)	357.71	176.59

Note A: Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash flows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for wherever required and disclosed as contingent liabilities where applicable, in these standalone Ind AS financial statements. The Company does not expect the outcomes of these proceedings to have a materially adverse effect on its financial position.

Note B: The Company has provided corporate guarantee/standby letter of credit for the Credit facilities of EURO 5 Million equivalent to maximum amount approx. INR 400 million granted to Sansera Sweden AB by the Citibank or HSBC or such other bank.

Note C: As at 31 March 2021, the Company has committed to spend ₹ 357.71 million (31 March 2020 ₹ 176.59 million) under contract for purchase of property, plant and equipment.

The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The Management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement in the previous year only from the date of Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

Refer note 4.b wherein the Company has invested in Cleanmax Vega Power LLP (i.e., power producer) and entered into a energy supply agreement for a period of 25 years with lock in period of 5 years pursuant to such energy supply agreement the Company has committed to purchase atleast 51% of the total power produced by the power producer.

The Company does not have any other material commitments.

36 Auditors' remuneration (included in legal and professional, net of taxes) **(Amount in ₹ millions)**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020 #
Statutory audit fees	2.80	-
Statutory audit fees-Erstwhile auditor	0.59	2.70
Tax audit fees	0.20	-
Tax audit fees-Erstwhile auditor	0.04	0.20
Other audit services	-	0.26
Reimbursement of expenses	-	0.55
Total	**3.63**	**3.71**

represents payment made to the erstwhile auditors of the Company

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Sansera Engineering Limited
Notes to the standalone Ind AS financial statements for the year ended 31 March 2021 (continued)

(Amount in ₹ millions)

37 Tax expense

A. Amounts recognised in standalone statement of profit and loss

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax (a)		
Current year	289.44	237.06
Deferred tax (b)		
Attributable to -		
Origination and reversal of temporary differences	56.85	(154.21)
Income tax expense reported in the standalone statement of profit or loss (a+b)	**346.29**	**82.85**
Amounts recognised in other comprehensive income		
Deferred taxes		
Remeasurements of the defined benefit plans	(5.91)	(2.69)
Income tax reported in other comprehensive income	**(5.91)**	**(2.69)**

B. Bifurcation of the income tax recognised in other comprehensive income into

Items that will not be reclassified to profit or loss	(5.91)	(2.69)
Items that will be reclassified to profit or loss	-	-
	(5.91)	**(2.69)**

C. Reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

	31 March 2021	31 March 2020
Profit before tax	**1,325.09**	**904.59**
Effective tax rate	25.17%	25.17%
	333.53	227.69
Effect of:		
Non-deductible expenses	7.23	7.55
Incremental tax expense on completion of assessment for earlier years	-	26.04
Difference in tax rate from previous year*	-	(194.45)
Impact of implementation of IND AS 116	-	7.31
Others	5.54	8.71
Income tax expense	**346.30**	**82.85**

*w.e.f 1 Apr 2019, the new Section 115BAA was inserted in Income Tax, 1961 which prescribed the concessional tax rates of 22% (with 10% of Surcharge and 4% of cess) as against the erstwhile rates of 30% (with 12% of Surcharge and 4% of cess). The Company has accordingly adopted the concessional tax rates which has resulted in reversal of deferred tax amounting to ₹ 194.45 million during previous year.

D. Movement in temporary differences

Particulars	Balance as at 1 April 2020 Net deferred tax asset/(liabilities)	Recognised in profit or loss during 2020-21	Recognised in OCI during 2020-21	Impact on account of IND AS 116	Balance as at 31 March 2021 Net deferred tax asset/(liabilities)
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act.	(607.30)	(39.89)	-	-	(647.19)
Provision for employee benefits	47.71	2.31	5.91	-	55.93
Security deposit	2.12	(1.06)	-	-	1.06
Allowance for credit losses	4.58	-	-	-	4.58
Right of use assets, net of lease liabilities (Ind AS 116)	7.31	1.50		-	8.81
On fair valuation of quoted investments	(0.89)	(0.51)	-	-	(1.40)
Others	7.08	(4.49)	-	-	2.59
Derivative contracts at fair value	5.01	(14.71)	-	-	(9.70)
	(534.38)	**(56.85)**	**5.91**	**-**	**(585.32)**

Particulars	Balance as at 1 April 2019 Net deferred tax asset/(liabilities)	Recognised in profit or loss during 2019-20	Recognised in OCI during 2019-20	Impact on account of IND AS 116	Balance as at 31 March 2020 Net deferred tax asset/(liabilities)
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act.	(747.86)	141.48	-	-	(607.30)
Provision for employee benefits	42.22	2.80	2.69	-	47.71
Security deposit	0.34	1.78	-	-	2.12
Allowance for credit losses	8.78	(4.20)	-	-	4.58
Right of use assets, net of lease liabilities (Ind AS 116)	-	(0.71)		8.02	7.31
On fair valuation of quoted investments	(1.86)	0.97	-	-	(0.89)
Others	-	7.08	-	-	7.08
Derivative contracts at fair value	-	5.01	-	-	5.01
	(698.38)	**154.21**	**2.69**	**8.02**	**(534.38)**

E. Amendment to Ind AS 12 Income Taxes: Appendix C - Uncertainty over Income Tax Treatments
This Appendix addresses how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. Based on the evaluation carried out on the outstanding litigations (Refer Note 35), the Company has determined that there will not be any significant impact on the financial statements on account of this Appendix.

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38 Related parties disclosures

A. Significant Shareholders
Client Ebene Limited
CVCIGPII Employee Ebene Limited

B. Subsidiary companies
Fitwel Tools and Forgings Private Limited
Sansera Engineering Pvt. Ltd. Mauritius
Sansera Sweden AB

C. Trust in which the Director is a trustee
Sansera Foundation

D. Key managerial personnel
S Sekhar Vasan - Chairman and Managing Director
F R Singhvi - Joint Managing Director (With effect from 6 August 2019)
Unni Rajagopal - Director (upto 6 August 2019)
B R Preetham - Chief Executive Officer
Vikas Goel - Chief Financial Officer (With effect from 6 August 2019)
Rajesh Kumar Modi - Company Secretary (With effect from 6 February 2019)
Muthuswamy Lakshminarayan - Independent Director
Revathy Ashok - Independent Director
Bilaine Sylvain - Independent director

E. Close member of key managerial personnel's family
Lalitha Singhvi
Praveen Singhvi
Lata Singhvi
Jayaraj Singhvi
Tara Singhvi
Indira Singhvi

F. The following is the summary of related party transactions:

(Amount in ₹ millions)

Particulars	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
Expenditure towards Corporate Social Responsibility (CSR)		
Sansera Foundation	20.32	27.50
Purchase of raw material		
Fitwel Tools and Forgings Private Limited	2.05	2.45
Sale of raw materials		
Fitwel Tools and Forgings Private Limited	3.66	4.44
Sansera Sweden AB	4.50	6.12
Purchase of products		
Fitwel Tools and Forgings Private Limited	485.43	467.53
Sale of property, plant and equipments		
Fitwel Tools and Forgings Private Limited	6.72	-
Sale of tools		
Sansera Sweden AB	10.05	-
Bank charges reimbursement		
Sansera Sweden AB	2.46	

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38 Related parties disclosures (Continued)

G. The following is the summary of related party transactions (continued): **(Amount in ₹ millions)**

Particulars	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
IPO expenses incurred (to be reimbursed by the shareholders)		
S. Sekhar Vasan	-	0.84
Lalitha Singhvi	-	0.02
Praveen Singhvi	-	0.04
Lata Singhvi	-	0.04
Jayaraj Singhvi	-	0.04
Tara Singhvi	-	0.04
Indira Singhvi	-	0.04
Unni Rajagopal	-	0.23
Devappa Devaraj	-	0.19
Devappa Devaraj on behalf of D. Devaraj HUF	-	0.04
Client Ebene Limited	-	3.55
CVCIGP II Employee Ebene Limited	-	1.99
Managerial Remuneration*		
S Sekhar Vasan	7.45	14.89
F R Singhvi	7.45	14.73
B R Preetham	11.47	13.21
Vikas Goel	11.80	9.54
Rajesh Kumar Modi	3.46	3.57
Muthuswamy Lakshminarayan	0.60	1.20
Revathy Ashok	0.60	1.20
Bilaine Sylvain	0.53	1.20
Sitting fees		
Muthuswamy Lakshminarayan	0.11	0.13
Revathy Ashok	0.16	0.21
Bilaine Sylvain	0.15	0.14
Investment in Preference shares		
Sansera Engineering Pvt. Ltd. Mauritius	-	117.04
Redemption of Preference shares		
Sansera Engineering Pvt. Ltd. Mauritius	162.42	79.60

*Excludes contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

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38 Related parties disclosures (Continued)

H. The balances receivable from and payable to related parties are: **(Amount in ₹ millions)**

Particulars	As at 31 March 2021	As at 31 March 2020
Trade payable		
Fitwel Tools and Forgings Private Limited	13.62	74.96
Advance		
Fitwel Tools and Forgings Private Limited	-	6.81
Trade receivable		
Sansera Sweden AB	2.67	3.20
Fitwel Tools and Forgings Private Limited	-	0.06
IPO expenses recoverable from shareholders*		
S. Sekhar Vasan	11.24	11.24
Lalitha Singhvi	0.33	0.33
Praveen Singhvi	0.56	0.56
Lata Singhvi	0.56	0.56
Jayaraj Singhvi	0.56	0.56
Tara Singhvi	0.56	0.56
Indira Singhvi	0.56	0.56
Unni Rajagopal	3.12	3.12
Devappa Devaraj	2.51	2.51
Devappa Devaraj on behalf of D. Devaraj HUF	0.61	0.61
Client Ebene Limited	47.18	47.18
CVCIGP II Employee Ebene Limited	26.42	26.42
Loans to key managerial personnel		
B. R Preetham	3.88	3.88
Payable to Directors		
S. Sekhar Vasan	12.87	10.83
F R Singhvi	1.94	2.25

* The management of the Company, vide its board resolution dated June 11, 2018, decided to list the Company through "offer for sale of securities by certain shareholders".

In accordance with the plan, the Company had filed its DRHP on August 10, 2018. However due to downturn in the Automotive industry and the consequent pandemic resulted in the Company deferring the plan of its listing till 31 March 2022. The DRHP filed got expired on November 12, 2019.

For the purpose of IPO, during the current financial year, the Company has incurred a cost of Nil (31 Mar 2020: ₹ 7.06 million) and cost incurred till date is ₹ 94.21 million (31 Mar 2020: ₹ 94.21 million). As per the arrangement with the related Shareholders, the aforesaid expenditure is required to be borne by the respective Shareholders. The Company accordingly has obtained a confirmation from the respective Shareholders and has shown these amounts as recoverable from them.

There has been no instance of provision , write off and write back of the cost incurred by company.

Terms and conditions:
All transactions with these related parties are at arm's length basis and none of the balances are secured.

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39 Employee benefit plans **(Amount in ₹ millions)**

A Defined contribution plan

The Company has defined contribution plan. Contributions are made to the Provident fund for employees at the specified rate of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
-Employer contribution to Provident fund, including admin charges	56.78	61.87
-Employer contribution to Employee state insurance scheme	9.44	11.86
-Employer contribution to Labour Welfare fund	0.18	0.16

B Defined benefit plans

The Company sponsors funded defined benefit plans for qualifying employees . The defined benefit plans are administered by a separate Fund that is legally separated from the entity. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement (Age of 58 years) or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the Fund.

The following table sets out the status of the gratuity plan as required under Ind AS 19 "Employee benefits":

a) Reconciliation of present value of defined benefit obligation

Particulars	As at 31 March 2021	As at 31 March 2020
Defined benefit obligation at the beginning of the year	262.55	215.38
Current service cost	27.38	18.46
Current interest cost	17.71	16.62
Benefits paid	(6.28)	(4.13)
Past service cost	-	5.90
Actuarial (gains)/losses recognised in other comprehensive income		
Changes in demographic assumptions	-	(0.11)
Changes in financial assumptions	-	12.00
Experience adjustments	20.75	(1.54)
Defined benefit obligation at the end of the year	**322.11**	**262.58**

b) Reconciliation of present value of plan assets

Particulars	As at 31 March 2021	As at 31 March 2020
Plan assets at the beginning of the year	145.94	139.68
Contribution paid into the plan	25.03	-
Benefits paid	(6.28)	(4.13)
Interest income	9.84	10.78
Return on plan assets recognised in other comprehensive income	(2.74)	(0.35)
Plan assets at the end of the year	**171.79**	**145.98**

Actual return on plan assets

Return on plan assets: The long term estimate of the expected rate of return on plan assets has been arrived at based on prevailing yields on those assets. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds.

Net defined benefit liability (a-b)	**150.32**	**116.60**
Non-current	126.96	99.17
Current	23.36	17.43
Total	**150.32**	**116.60**

c) Expenses recognised in the standalone statement of profit and loss

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current service cost	27.38	18.46
Interest cost	17.71	16.62
Interest income	(9.84)	(10.78)
Past service cost	-	5.90
Total	**35.25**	**30.20**

d) Remeasurements recognised in Other Comprehensive Income (OCI)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Actuarial loss on account of experience adjustments	20.75	(1.54)
Actuarial (gain)/loss arising from change in demographic assumptions	-	(0.11)
Actuarial (gain)/loss arising from change in financial assumptions	-	12.00
Return on plan assets recognised in other comprehensive income	2.74	0.35
Total	**23.49**	**10.70**

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39 Employee benefit plans (Continue)

e) Actuarial assumptions

The following table sets out the status of the Gratuity scheme and the amount recognised in the financial statements as per the Actuarial Valuation done by an Independent Actuary. These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

In respect of the above plans, the most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at 31 March 2021 by an independent member firm of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Discount rate	6.75%	6.75%
Salary increase**	5.00%	5.00%*
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14
Retirement age	58 years	58 years
Withdrawal rate	4.00%	4.00%

* Salary increment for the financial year ended 31 March 2021 was considered as 0% due to COVID-19 effect.

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

f) Sensitivity analysis

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

Particulars	For the year ended 31 March 2021		For the year ended 31	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	292.87	(355.97)	237.86	(291.27)
Future salary growth (1% movement)	356.23	(292.15)	290.67	(237.61)
Withdrawal rate (1% movement)	325.95	(317.83)	266.01	(258.68)

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

The expected future contribution and estimated future benefit payments from the fund areas follows:

Expected cash flows over the next (valued on undiscounted basis):	For the year ended 31 March 2021	For the year ended 31 March 2020
1 year	23.36	17.43
2 to 5 years	80.94	68.85
6 to 10 years	137.86	111.54
More than 10 years	435.43	393.21

g) Asset liability matching strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity liability occurring during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

h) The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

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40 Employee stock options

Details of the employee share option plan of the Company

The Company has a share option scheme for the permanent employees of the Company and its subsidiaries. In accordance with the terms of the plan, as approved by shareholders, permanent employees may be granted options to purchase equity shares.

Each employee share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry as per ESOP Schemes.

On 12 March 2015, the Board of Directors of the Company approved "Sansera Employee Stock Option Plan 2015" ("the Plan") for grant of stock options to the employees of the Company and its subsidiaries which was further ratified by the shareholders on 13 April 2015. The vested options can be exercised by the option holder and the shares can be allotted by the Board in the event as specified in the Plan. The plans are as follows:

Program 1: Key management group

Options under this program are granted to certain employees at an exercise price of ₹ 0.14 per option. The entire stock options are completely vested.

The following reconciles the outstanding share options granted under employee share option plan at beginning and at the end of financial year:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of Options	Weighted average exercise price in ₹	Number of Options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	1,173,775	0.14	1,173,775	0.14
Share split and Bonus issue during the year (Refer note 15(a)(ii)(a))	-	-	-	-
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	**1,173,775**	**0.14**	**1,173,775**	**0.14**
Vested at the end of the year	**1,173,775**	**0.14**	**1,173,775**	**0.14**
Exercisable at the end of the year	-	-	-	-

Program 2: Certain identified employees

Options under this program are granted to certain employees at an exercise price of ₹ 135.20 per option. Stock options issued carries different vesting periods, it ranges from 25 to 100 percent vesting of total options granted by the end of every one year from the grant date. All stock options shall be fully vested by the end of 4 years from the grant date.

The following reconciles the outstanding share options granted under employee share option plan at beginning and at end of the financial year:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of Options	Weighted average exercise price in ₹	Number of Options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	1,336,900	135.20	1,336,900	135.20
Share split and Bonus issue during the year (Refer note 15(a)(ii)(a))	-	-	-	-
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Surrendered during the year	148,625	135.20	-	-
Outstanding at the end of the year	**1,188,275**	**135.20**	**1,336,900**	**135.20**
Vested at the end of the year	**1,188,275**	**135.20**	**1,336,900**	**135.20**
Exercisable at the end of the year	-	-	-	-

Measurement of fair values

Black-Scholes Option Pricing Model is used to value the fair value of the stock options. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Particulars	Share option plans	
	Program 1: Key Management Group	Program 2: Certain Identified Employees
Grant date	29-Apr-15	29-Apr-15
Fair value at grant date	103.39	55.25
Share price at grant date	103.48	103.48
Exercise price	0.14	135.20
Expected volatility (weighted average volatility)	49.20%	49.20%
Expected term (in years)	6.50	6.50
Risk free interest rate	7.90%	7.90%

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41 Financial instruments

Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

(Amount in ₹ millions)

Particulars	Carrying amount	Fair value		
	31-March-2021	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investment in equity	42.51	5.58	-	36.93
Derivative contracts at fair value	38.54	-	38.54	-
	81.05	**5.58**	**38.54**	**36.93**
Financial assets measured at amortised cost				
Other non-current financial assets	144.83	-	-	-
Trade receivables	2,913.52	-	-	-
Cash and cash equivalents	116.73	-	-	-
Bank balances other than cash and cash equivalents above	281.30	-	-	-
Other current financial assets	166.34	-	-	-
	3,622.72	-	-	-
Financial liabilities measured at amortised cost				
Non-current borrowings	1,787.38	-	-	-
Current borrowings	2,048.47	-	-	-
Lease liabilities	186.27	-	-	-
Trade payables	1,795.26	-	-	-
Other financial liabilities	1,185.68	-	-	-
	7,003.06	-	-	-

Particulars	Carrying amount	Fair value		
	31-March-2020	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investment in equity shares	40.46	3.53	-	36.93
	40.46	**3.53**	-	**36.93**
Financial assets measured at amortised cost				
Other non-current financial assets	160.30	-	-	-
Trade receivables	2,449.32	-	-	-
Cash and cash equivalents	588.08	-	-	-
Bank balances other than cash and cash equivalents above	105.47	-	-	-
Other current financial assets	234.16	-	-	-
	3,537.33	-	-	-
Financial liabilities measured at fair value				
Derivative contracts at fair value	19.89	-	19.89	-
	19.89	-	**19.89**	-
Financial liabilities measured at amortised cost				
Non-current borrowings	1,644.74	-	-	-
Current borrowings	3,265.26	-	-	-
Lease liabilities	197.02			
Trade payables	1,426.43	-	-	-
Other financial liabilities	1,171.68	-	-	-
	7,705.13	-	-	-

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The derivative contracts are valued using market approach, determined using forward exchange rates as at the balance sheet date.
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company has not disclosed the fair value of financial instruments such as other non current financial assets, trade receivables, cash and cash equivalents, bank balances, other current financial assets, loans, borrowings, other non current financial liabilities, trade payables and other current financial liabilities because their carrying amounts are a reasonable approximation of fair value.

Investments in subsidiaries are not appearing as financial asset in the table above, being accounted under Ind AS 27, Separate Financial Statements.

The majority of our costs and incomes are denominated in local currencies, which is not impacted by currency exchange fluctuations. Some of our contracts with our key export customers may not allow for price adjustments in the event of unfavourable currency exchange rate developments. Our global footprint exposes us to certain currency exchange risks, arising primarily from our foreign currency receivables, import of raw materials and capital goods for our operations, export of goods and our non-Indian rupee denominated borrowings. We hedge significant portion of our net foreign exchange exposure through forward contracts and non-Indian rupee denominated loans.

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42 Financial risk management **(Amount in ₹ millions)**

The Company is exposed to the following risks arising from financial instruments:
- Credit risk
- Liquidity risk
- Market risk

(i) Risk management framework

The Company's Board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit risk

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

Trade receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. In respect of trade receivables the Company performs credit assessment for customers on an annual basis and recognizes credit risk on the basis of lifetime expected losses. (Refer Note 10).

The top 5 customers generated revenues of 62.5% during the year (March 31, 2020 : 63.2%), wherein 3 customers (March 31, 2020 : 3 customers) individually represented more than 10% of the revenue for the year. Further, 3 customers accounted for more than 26% of the receivables as at March 31, 2021.

Security deposits and duty drawback receivable:

Expected credit loss for security deposits and duty drawback receivable is as follows:

Particulars	Year ended	Asset company	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount, net of impairment provision
Loss allowance measured at 12 month expected credit loss: Financial assets for which credit risk has not increased significantly since initial recognition	31-Mar-21	Security deposits	134.94	0%	-	134.94
		Duty drawback receivable	71.61	0%	-	71.61

Cash and cash equivalents (including bank balances, fixed deposits and margin money with banks):

Credit risk on cash and cash equivalents is limited as the Company generally transacts with banks and others with high credit ratings assigned by international and domestic credit rating agencies.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The working capital position of the Company is given below :

As at March 31, 2021, the Company had a working capital of ₹ 551.13 million including cash and cash equivalents and bank balances of ₹ 398.03 million and current investments of ₹ 5.58 million. As at March 31, 2020, the Company's current liabilities exceeded its current assets by ₹ 372.49 million including cash and cash equivalents and bank balances of ₹ 693.55 million and current investments of ₹ 3.53 million.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Particulars	As at 31 March 2021				
	Carrying amount	Total	Less than 1 year	1-2 years	Above 2 years
Long term borrowings including current maturities	2,795.57	2,795.57	1,008.19	763.19	1,024.19
Short-term borrowings	2,048.47	2,048.47	2,048.47	-	-
Trade payables	1,795.26	1,795.26	1,795.26	-	-
Other financial liabilities	177.49	177.49	177.49	-	-
Lease liabilities	186.27	186.27	50.03	49.28	86.96

Particulars	As at 31 March 2020				
	Carrying amount	Total	Less than 1 year	1-2 years	Above 2 years
Long term borrowings including current maturities	2,702.74	2,702.74	1,058.06	717.52	927.16
Short-term borrowings	3,265.26	3,265.26	3,265.26	-	-
Trade payables	1,426.43	1,426.43	1,426.43	-	-
Other financial liabilities	133.57	133.57	122.53	11.04	-
Lease liabilities	197.02	197.02	42.73	44.87	109.42

42 Financial risk management (continued)

(iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises interest rate risk and currency rate risk. Financial instruments affected by market risk include loans, borrowings and payables. The Company's activities expose it to a variety of financial risks, including effects of changes in foreign currency exchange rates and interest rate movement.

(v) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates.

Exposure to interest rate risk

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

Particulars	As at 31 March 2021	As at 31 March 2020
Fixed rate instruments:		
Financial liabilities	414.63	438.91
Variable rate instruments:		
Financial liabilities	4,429.41	5,529.09
Total	**4,844.04**	**5,968.00**

Interest rate sensitivity:

Sensitivity analysis for fixed-rate instruments
There is no impact on the profit or loss on account of fixed rate instruments.

Cash flow sensitivity analysis for variable-rate instruments
The sensitivity analysis below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the year was outstanding for the whole year. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Currency	Effect on profit before tax	
		31 March 2021	31 March 2020
Increase of 100 basis points	INR	44.29	55.29
Decrease in 100 basis points	INR	(44.29)	(55.29)

(vi) Foreign currency risk

The Company is exposed to currency risk on certain transactions that are denominated in a currency other than the entity's functional currency, hence exposures to exchange rate fluctuations arise. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Foreign currency (FC) risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments. The information on derivative instruments is as follows.

Particulars	Currency Hedged	As at 31 March 2021		As at 31 March 2020	
		Amount in FC	Amount in ₹	Amount in FC	Amount in ₹
Forward contract (to hedge net receivables)	USD	12.36	903.27	10.13	766.11
No. of Contracts		20		30	
Forward contract (to hedge net receivables)	EUR	8.75	750.31	7.23	598.01
No. of Contracts		11		27	
Forward contract (to hedge net receivables)	EURUSD	1.8	154.35	-	-
No. of Contracts		3			
Forward contract (to hedge borrowing)	USD	7.69	561.99	-	-
No. of Contracts		6			
Forward contract (to hedge borrowing)	EURUSD	1.00	85.75	-	-
No. of Contracts		2			

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities when revenue and expense is denominated in a foreign currency.

(Amount in ₹ millions)

42 Financial risk management (continued)

(vi) Foreign currency risk (continued)

The following table presents foreign currency risk from financial instruments as of:

Particulars	Currency	As at 31 March 2021		As at 31 March 2020	
		Foreign currency	Amount in ₹	Foreign currency	Amount in ₹
Trade receivables	USD	11.63	850.51	10.07	761.60
	EUR	9.54	817.96	7.07	585.05
Cash and cash equivalents	USD	0.22	15.91	0.56	42.68
	EUR	0.42	35.89	1.17	97.19
Trade payables	USD	0.38	27.97	0.23	17.22
	EUR	1.95	167.22	0.48	39.97
	JPY	39.31	25.99	7.77	5.41
	GBP	0.16	16.42	0.01	0.68
	SGD	-	-	0.16	8.64
Borrowings	USD	3.76	275.03	8.56	647.37
	EUR	0.18	15.01	2.15	178.08
Total	**USD**	**7.71**	**563.41**	**1.85**	**139.68**
	EUR	**7.83**	**671.63**	**5.61**	**464.19**
	JPY	**(39.31)**	**(25.99)**	**(7.77)**	**(5.41)**
	GBP	**(0.16)**	**(16.42)**	**(0.01)**	**(0.68)**
	SGD	-	-	**(0.16)**	**(8.64)**

Sensitivity analysis

Particulars	Percentage movement	Effect on profit before tax		Effect on equity	
		Strengthening	Weakening	Strengthening	Weakening
31 March 2021					
USD	3%	16.90	(16.90)	12.65	12.65
EUR	3%	20.15	(20.15)	15.08	(15.08)
JPY	5%	(1.30)	1.30	(0.97)	0.97
GBP	7%	(1.15)	1.15	(0.86)	0.86
SGD	2%	-	-	-	-
31 March 2020					
USD	2%	2.79	(2.79)	2.09	(2.09)
EURO	2%	9.28	(9.28)	6.95	(6.95)
JPY	4%	(0.22)	0.22	(0.16)	0.16
GBP	2%	(0.01)	0.01	(0.01)	0.01
SGD	0%	-	-	-	-

43 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital employed.

The Company manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio and implements capital structure improvement plan when necessary.

The Company uses debt ratio as a capital management index and calculates the ratio as net debt divided by total equity. Net debt and total equity are based on the amounts stated in the standalone Ind AS financial statements.

Particulars	As at 31 March 2021	As at 31 March 2020
Gross debt*	4,858.97	5,968.00
Less : Cash and cash equivalents and other bank balances	398.03	693.55
Net debt (A)	**4,460.94**	**5,274.45**
Total equity (B)**	**8,874.38**	**7,913.16**
Debt ratio (A / B)	**0.50**	**0.67**

* Gross debt includes long term borrowings, short term borrowings , current maturities of long term borrowings and accrued interest

** Total equity incudes Equity share capital, Instruments entirely equity in nature and Other equity

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44 Dues to micro and small enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021: ₹ 104.12 million (31 March 2020: ₹ 74.39 million) has been made in the standalone Ind AS financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at 31 March 2021	As at 31 March 2020
The amount remaining unpaid to any supplier as at the end of each accounting year: *		
- Principal	102.81	73.59
- Interest	1.31	0.80
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, (the Act) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the said Act	-	-
The amount of interest accrued and remaining unpaid at the end of each year	1.31	0.80
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.	1.31	0.80

* Includes amount payable to capital creditors amounting to ₹ 25.00 million (31 March 2020: ₹ 8.60 million)

45 Expenditure on corporate social responsibility

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act. The funds are allocated to the activities which are specified in Schedule VII of the Companies Act, 2013.

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Gross amount required to be spent by the Company during the year	28.74	28.99
(b) Amount spent during the year on:		
i) Construction/acquisition of any asset	0.31	6.22
ii) On purpose other than (i) above	20.01	23.78
Total	**20.32**	**30.00**
(c) Amount unspent during current financial year	**8.42**	-

46 Cash flow disclosures

Reconciliation between opening and closing balances in the standalone balance sheet for liabilities and financial assets arising from financing activities:

Particulars	Opening balance	Cash flows		Non-cash movements	Closing balance
	1 April 2020	Proceeds	Repayments	Fair value changes	31 March 2021
Long term borrowings	2,702.74	1,048.42	(952.17)	(3.42)	2,795.57
Short-term borrowings*	3,265.26	-	(1,207.25)	(9.54)	2,048.47
Total liabilities from financing activities	**5,968.00**	**1,048.42**	**(2,159.42)**	**(12.96)**	**4,844.04**

Particulars	Opening balance	Cash flows		Non-cash movements	Closing balance
	1 April 2019	Proceeds	Repayments	Fair value changes	31 March 2020
Long term borrowings	2,770.74	789.50	(903.29)	45.79	2,702.74
Short-term borrowings*	2,696.35	548.51	-	20.40	3,265.26
Total liabilities from financing activities	**5,467.09**	**1,338.01**	**(903.29)**	**66.19**	**5,968.00**

* Short-term borrowings are disclosed net of repayments/ proceeds.

47 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is in the business of manufacture and sale of automobile/aerospace components, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The entire operations are governed by the same set of risk and returns. Accordingly, these operations represent a single segment. The revenues, total expenses and net profit as per the standalone statement of profit and loss represents the revenue, total expenses and the net profit of the sole reportable segment.

(i) Geographical information

Geographic segmentation is based on business sourced from specific geographic regions. Other foreign countries comprises all other places except India, Europe and USA

(a) Revenue from operations

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
India	9,582.63	9,691.87
Europe	2,436.84	1,913.87
USA	1,087.55	720.42
Other foreign countries	406.38	289.48
Total revenue from operations as per the standalone statement of profit and loss	**13,513.40**	**12,615.64**

(b) Non –current assets

Particulars	As at 31 March 2021	As at 31 March 2020
India	10,276.84	9,825.65
	10,276.84	9,825.65
Reconciling items:		
Non-current financial assets	1,139.56	1,317.45
Income tax assets	9.91	12.06
Total non current assets	**11,426.31**	**11,155.16**

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Sansera Engineering Limited
Notes to the standalone Ind AS financial statements for the year ended 31 March 2021 (continued)

48 Details of non-current investments purchased and sold under Section 186(4) of the Companies Act 2013. **(Amount in ₹ millions)**

Investments in equity and preference instruments

Subsidiaries	**Face value per share**	**As at 1 April 2020**	**Purchased during the year**	**Redemption during the year**	**As at 31 March 2021**
Fitwel Tools and Forgings Private Limited (Equity Shares)	₹ 10	201.65 (248,872)*	-	-	201.65 (248,872)*
Sansera Engineering Pvt. Ltd. Mauritius (Equity Shares)	Euro 10	6.88 (10,000)*	-	-	6.88 (10,000)*
Sansera Engineering Pvt. Ltd. Mauritius (Preference Shares)	Euro 10	911.69 (1,230,000)*	-	162.42 (190,000)*	749.27 (1,040,000)*

Subsidiaries	**Face value per share**	**As at 1 April 2019**	**Purchased during the year**	**Redemption during the year**	**As at 31 March 2020**
Fitwel Tools and Forgings Private Limited (Equity Shares)	₹ 10	201.65 (248,872)*	-	-	201.65 (248,872)*
Sansera Engineering Pvt. Ltd. Mauritius (Equity Shares)	Euro 10	6.88 (10,000)*	-	-	6.88 (10,000)*
Sansera Engineering Pvt. Ltd. Mauritius (Preference Shares)	Euro 10	874.25 (1,180,000)*	117.04 (150,000)*	79.60 (100,000)*	911.69 (1,230,000)*

* The figures in parenthesis represents number of shares.

49 World Health Organization (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on March 23, 2020 and the Company temporarily suspended the operations in its manufacturing facilities in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities etc. during the lock-down period which was extended till mid May 2020.

After resuming operations, the Company was able to navigate this challenging environment without utilizing debt moratorium as facilitated by the RBI. Since then, the demand in served markets has recovered sharply and coupled with the company's product expansion initiatives, the Company was able to register net revenue growth despite a degrowth in the automotive sector. With current visibility of additional business from new customers / products, the Company should continue to outperform the broader industry.

As of 31 March 2021, the Company has improved its 's balance sheet has strengthened with reduction in borrowings against last year. The Company has also generated sequentially higher operating cash flows in current year and expects to continue the same in future years and its ability to use its unutilised bank limits. The management believes the Company will be able to continue to generate sufficient cash flows to meet its obligations as and when these fall due.

Furthermore, the Company's Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdowns in the preparation of the financial statements including but not limited to its assessment of Company's liquidity and going concern, recoverable values of its property, plant and equipment, intangible assets, investments, goodwill, inventory and the net realisable values of other assets. However, given the effect of these lockdowns on the overall economic activity and in particular on the automobile industry, the impact assessment of COVID-19 on the abovementioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these standalone Ind AS financial statements. The Company will continue to monitor any material changes to future economic conditions and consequential impact on its standalone Ind AS financial statements.

50 The new Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified. The Ministry of Labour and Employment (Ministry) has released draft rules for the Code on November 13, 2020 and has invited suggestions from stake holders which are under active consideration by the Ministry. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules are published.

As per our report of even date attached:

for **Sansera Engineering Limited**
CIN: U34103KA1981PTC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

B R Preetham
Chief Executive Officer

F.R Singhvi
Joint Managing Director
DIN: 00233146

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 19 April 2021

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

Deloitte
Haskins & Sells

Chartered Accountants
Prestige Trade Tower, Level 19
46, Palace Road, High Grounds
Bengaluru - 560 001
Karnataka, India

Tel.: +91 80 6188 6000
Fax: +91 80 6188 6011

INDEPENDENT AUDITOR'S REPORT

To the Members of Sansera Engineering Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Sansera Engineering Limited** ("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements/financial information of the subsidiaries referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

- The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report but does not include the consolidated and standalone financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

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

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.

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

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the companies covered in the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the entities in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

Other Matters

We did not audit the financial statements/financial information of two subsidiaries whose financial statements/financial information reflect total assets of Rs. 2,497.77 million as at March 31, 2021, total revenues of Rs. 1,388.97 million and net cash inflows amounting to Rs. 176.41 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of other auditors and the financial statements/financial information.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act and on the consideration of the reports of the other auditors on the separate financial statements/financial information of the subsidiaries referred to in the Other Matters section above, we report, to the extent applicable 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 of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Holding company and a subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

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

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

    (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

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(ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts;

(iii) There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Monisha Parikh
(Partner)
(Membership No. 47840)
(UDIN: 21047840AAAABO1155)

Place: Bengaluru
Date:19 April 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of **Sansera Engineering Limited** (hereinafter referred to as "the Holding Company") and its subsidiary company, which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which is a company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary company, which is a company incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us the Holding Company and its subsidiary company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Monisha Parikh
(Partner)
(Membership No. 47840)
(UDIN: 21047840AAAABO1155)

Place: Bengaluru
Date:19 April 2021

Sansera Engineering Limited
Consolidated Balance Sheet as at 31 March 2021

(Amount in ₹ millions)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, Plant and Equipment	3.a	10,000.05	9,421.31
Capital work-in-progress		604.23	683.35
Goodwill	3.d	358.37	323.64
Other Intangible assets	3.b	19.17	25.72
Right-of-use-assets	3.c	892.35	872.97
Financial assets			
(i) Investments	4	36.93	36.93
(ii) Loans	5	284.54	267.10
(iii) Other financial assets	5.a	14.09	34.81
Tax assets for current taxes (net)	6.a	27.14	29.30
Other non-current assets	7	224.70	204.68
Total non-current assets		**12,461.57**	**11,899.81**
Current assets			
Inventories	8	2,485.69	2,389.18
Financial assets			
(i) Investments	9	5.58	3.53
(ii) Trade receivables	10	3,129.83	2,591.21
(iii) Cash and cash equivalents	11	365.00	600.08
(iv) Bank balances other than cash and cash equivalents	12	286.42	116.36
(v) Other financial assets	13	222.81	236.47
Other current assets	14	331.93	445.72
Total current assets		**6,827.26**	**6,382.55**
Total assets		**19,288.83**	**18,282.36**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15.a	93.87	93.87
Instruments entirely equity in nature	15.b	105.00	105.00
Other equity	16	8,583.55	7,482.91
Total equity attributable to owners of the company		8,782.42	7,681.78
Non-controlling interests		104.99	86.78
Total equity		**8,887.41**	**7,768.56**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Long term borrowings	17	1,876.52	1,718.25
(ii) Lease liabilities	3.c	810.28	788.59
(iii) Others financial liabilities	18.a	-	11.04
Non-current provisions	19	151.83	126.89
Deferred tax liabilities (net)	20	617.98	552.27
Other non-current liabilities	21	467.16	425.89
Total non-current liabilities		**3,923.77**	**3,622.93**
Current liabilities			
Financial liabilities			
(i) Short-term borrowings	22	2,552.32	3,554.12
(ii) Lease liabilities	3.c	110.88	96.94
(iii) Trade payables	23		
- Total outstanding dues of micro enterprises and small enterprises		86.39	67.23
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,184.07	1,661.72
(iv) Other financial liabilities	18.b	1,236.67	1,218.31
Other current liabilities	25	207.63	164.49
Current Provisions	24	99.10	98.54
Current tax liabilities (net)	6.b	0.59	29.52
Total current liabilities		**6,477.65**	**6,890.87**
Total equity and liabilities		**19,288.83**	**18,282.36**

See accompanying notes forming part of financial statement

The notes referred to above form an integral part of the Consolidated Ind AS Financial Statements.

As per our report of even date attached:

for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 008072S

Monisha Parikh
Partner
Membership No. 47840

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

Place: Bengaluru
Date: 19 April 2021

for **Sansera Engineering Limited**
CIN: U34103KA1981PTC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F.R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Chief Executive Officer

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 19 April 2021

Sansera Engineering Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2021

(Amount in ₹ millions)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue			
Revenue from operations	26	15,492.71	14,571.70
Other income	27	230.93	159.69
Total income		**15,723.64**	**14,731.39**
Expenses			
Cost of materials consumed	28	6,678.31	6,281.99
Changes in inventory of finished goods and work-in-progress	29	(43.71)	(18.95)
Conversion charges		526.15	486.79
Consumption of stores and spares		1,335.80	1,310.76
Power and fuel		670.65	750.55
Employee benefit expenses	30	2,137.50	2,134.24
Finance costs	31	473.93	580.90
Depreciation and amortization expense	32	1,016.76	939.00
Other expenses	33	1,466.80	1,379.35
Total expenses		**14,262.19**	**13,844.63**
Profit before tax		**1,461.45**	**886.76**
Tax expenses:	37		
Current tax		303.87	237.31
Deferred tax charge / (credit)		58.98	(152.90)
Total tax expenses		**362.85**	**84.41**
Profit for the year		**1,098.60**	**802.35**
Other comprehensive income/(expense)			
Items that will not to be reclassified to profit or loss			
Re-measurement of the net defined benefit liability		(25.94)	(13.16)
Income tax relating to items that will not be reclassified to profit and loss		6.59	3.37
Net other comprehensive expenses not to be reclassified subsequently to profit or loss		**(19.35)**	**(9.79)**
Items that will be reclassified subsequently to profit or loss			
Exchange differenees on translation of foreign operations		52.92	34.12
Income tax relating to items that will be reclassified to profit and loss		(13.32)	-
Net other comprehensive income/(expense) to be reclassified subsequently to profit or loss		**39.60**	**34.12**
Other comprehensive (expense)/income for the year, net of income tax		**20.25**	**24.33**
Total comprehensive income for the year		**1,118.85**	**826.68**
Profit attributable to :			
Owners of the Company		1,079.86	806.40
Non-controlling interests		18.74	(4.05)
Total profit for the year		**1,098.60**	**802.35**
Other comprehensive income attributable to:			
Owners of the Company		20.78	24.86
Non-controlling interests		(0.53)	(0.53)
Total other comprehensive income		**20.25**	**24.33**
Total comprehensive income attributable to:			
Owners of the Company		1,100.64	831.26
Non-controlling interests		18.21	(4.58)
Total comprehensive income, net of tax		**1,118.85**	**826.68**
Earnings per equity share (face value of ₹ 2 each)			
Basic (in ₹)	34	21.02	15.70
Diluted (in ₹)	34	20.55	15.35

See accompanying notes forming part of financial statements

The notes referred to above form an integral part of the Consolidated Ind AS Financial Statements.

As per our report of even date attached:

for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 008072S

Monisha Parikh
Partner
Membership No. 47840

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date: 19 April 2021

for **Sansera Engineering Limited**
CIN: U34103KA1981PTC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F.R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Chief Executive Officer

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 19 April 2021

Sansera Engineering Limited
Consolidated statement of cash flows for the year ended 31 March 2021

(Amount in ₹ millions)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flows from operating activities			
Profit before tax from continuing operations		1,461.45	886.76
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortization expense	32	1,016.76	939.00
Interest income	27	(22.42)	(10.87)
Income from government grants	27	(45.11)	(40.89)
Adjustment for Rental concession	27	(2.71)	-
(Profit)/ loss on sale of property, plant and equipment, net	27	(4.77)	(1.05)
Unrealised foreign exchange gain, net		(49.45)	45.06
Insurance claim receivable written off	33	11.26	10.50
Finance cost	31	473.93	580.90
Adjustment on fair value gain of investments	27	(2.05)	-
		2,836.89	**2,409.41**
Working capital adjustments			
Changes in trade receivables		(442.92)	206.27
Other current and non-current assets and current financial assets		41.02	59.86
Changes in inventory		(96.51)	45.41
Changes in trade payables and financial liabilities		527.14	(136.57)
Other liabilities and provisions		25.37	82.58
Cash generated from operations		**2,890.99**	**2,666.96**
Income taxes paid, net		(330.64)	(254.86)
Net cash generated from operating activities (A)		**2,560.35**	**2,412.10**
Cash flows from investing activities			
Purchase of property, plant and equipment	3.a	(1,351.21)	(1,767.17)
Proceeds from sale of property, plant and equipment	3.a	11.52	27.33
Receipt of government grant		92.67	37.16
Investments made, net		-	(36.93)
Interest received	27	22.42	10.87
Movement in fixed deposit, net	12	(170.06)	(42.14)
Net cash used in investing activities (B)		**(1,394.66)**	**(1,770.88)**
Cash flows from financing activities			
Proceeds/(repayment) of long-term borrowings:			
Proceeds	17	1,099.93	809.50
Repayment	17	(979.92)	(951.69)
Proceeds of short-term borrowings, net	22	(992.26)	490.64
Interest paid	31	(459.00)	(580.90)
Payment of principal portion of lease liabilities	3.c	(60.75)	(56.75)
Net cash (used in)/generated from financing activities (C)		**(1,392.00)**	**(289.19)**
Cash and cash equivalents at the beginning of the year	11	600.08	239.27
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(8.77)	8.78
Net increase/(decrease) in cash and cash equivalents		(226.31)	352.03
Cash and cash equivalents at the end of the year (refer below)	11	**365.00**	**600.08**
For the purpose of statement of cash flows, cash and cash equivalents comprise the following:			
Cash on hand		0.72	1.14
Balances with banks			
- on current accounts		364.28	598.94
		365.00	**600.08**

Significant accounting policies

The notes referred to above form an integral part of the consolidated Ind AS financial statements

As per our report attached:
for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 008072S

Monisha Parikh
Partner
Membership No. 47840

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date: 19 April 2021

for **Sansera Engineering Limited**
CIN: U34103KA1981PTC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F.R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Chief Executive Officer

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 19 April 2021

Sansera Engineering Limited
Consolidated Statement of Changes in Equity as at 31 March 2021

A. Equity share capital (Amount in ₹ millions)

Equity shares	No. of shares	Amount
Balance as at 31 March 2020	46,936,500	93.87
Balance as at 31 March 2021	46,936,500	93.87

B. Instruments entirely equity in nature (Amount in ₹ millions)

Compulsorily Convertible Preference Shares	No. of shares	Amount
A Series, 0.0001% compulsorily convertible preference shares of ₹100 each	300,000	30.00
B Series, 0.0001% compulsorily convertible preference shares of ₹100 each	750,000	75.00
Balance as at 31 March 2020	**1,050,000**	**105**
Balance as at 31 March 2021	**1,050,000**	**105.00**

C. Other equity (Amount in ₹ millions)

Particulars	Reserves and Surplus						Other comprehensive income(OCI)		Attributable to owners of the Parent	Non-Controlling Interest	Total Equity
	Capital redemption reserve	Capital reserve	Securities premium	General reserve	Retained earnings	Employee stock option outstanding account	Foreign currency translation reserve	Remeasurements of Actuarial gain and losses			
Balance as at 1 April 2019	**0.55**	**8.17**	**1,216.76**	**135.48**	**5,161.28**	**182.00**	**(20.48)**	**-**	**6,683.76**	**91.37**	**6,775.12**
Profit for the year	-	-	-	-	806.40	-	-	-	806.40	(4.05)	802.35
Remeasurement of the net defined benefit liability (Refer note below)	-	-	-	-	-	-	-	(9.26)	(9.26)	-	(9.26)
Transfer to retained earnings	-	-	-	-	(9.26)	-	-	9.26	-	(0.53)	(0.53)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	34.12	-	34.12	-	34.12
Impact on account of adoption of Ind AS 116 (Refer Note 3.c)					(32.11)		-	-	(32.11)		(32.11)
Balance as at 31 March 2020	**0.55**	**8.17**	**1,216.76**	**135.48**	**5,926.31**	**182.00**	**13.64**	**-**	**7,482.91**	**86.78**	**7,569.69**
Profit for the year	-	-	-	-	1,079.86	-	-	-	1,079.86	18.74	1,098.60
Remeasurement of the net defined benefit liability (Refer note below)	-	-	-	-	-	-	-	(18.82)	(18.82)	-	(18.82)
Transfer to retained earnings	-	-	-	-	(18.82)	-	-	18.82	-	(0.53)	(0.53)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	39.60	-	39.60	-	39.60
Balance as at 31 March 2021	**0.55**	**8.17**	**1,216.76**	**135.48**	**6,987.35**	**182.00**	**53.24**	**-**	**8,583.55**	**104.99**	**8,688.54**

In accordance with Notification G.S.R 404(E) , dated 06 April 2016, remeasurement of defined benefit plans is recognised as a part of retained earnings.

See accompanying notes forming part of financial statement

As per our report of even date attached:

for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 008072S

Monisha Parikh
Partner
Membership No. 47840

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date: 19 April 2021

for **Sansera Engineering Limited**
CIN: U34103KA1981PTC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F.R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Chief Executive Officer

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 19 April 2021

Sansera Engineering Limited
Notes to the consolidated Ind AS financial statements for the year ended 31 March 2021

Group Overview

Sansera Engineering Limited (erstwhile Sansera Engineering Private Limited) ("the Company") along with its subsidiaries Fitwel Tools and Forgings Private Limited, Sansera Sweden AB and Sansera Engineering Pvt. Ltd. Mauritius (together referred to as "Group") was incorporated on 15 December 1981 under the provisions of the Companies Act, 1956 with its registered office in Bangalore, Karnataka. The Group is involved in the business of manufacture of auto components such as rocker arms, connecting rods, gear shifters, crank shafts, and aerospace components. It is also involved in providing services such as forging and other related services.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India and has offices in Sweden. The consolidated financial statements were authorized for issuance by the Company's Board of Directors on April 19, 2021.

1. BASIS OF PREPARATION

a. Statement of compliance

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

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b. Principles of consolidation

The consolidated financial statements include the results of the following subsidiaries:

S. No.	Name of the Entity	Country of incorporation	Effective group shareholding %
1	Fitwel Tools and Forgings Private Limited	India	70
2	Sansera Sweden AB	Sweden	100
3	Sansera Engineering Pvt. Ltd. Mauritius	Mauritius	100

c. Basis of consolidation

Business combinations (other than common control business combinations)

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

1. Basis of preparation (continued)

Business combinations (common control business combinations)

In accordance with Appendix C to Ind AS 103 on Business combinations of entities under common control, the Group accounts for these business combination using the pooling of interest method as per the guidance provided under Appendix C to Ind AS 103. The consolidated Ind AS financial statements in respect of prior periods are restated as if the combination had occurred from the beginning of the preceding period in the consolidated Ind AS financial statements, irrespective of the actual date of the combination. All the assets and liabilities including have been recorded at their existing carrying amounts.

Subsidiary companies

Subsidiary companies are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gain / loss on transactions between group companies are eliminated. The financial statements are prepared by applying uniform policies in use at the Group.

Non- controlling interests (NCI)

NCI in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively. NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. The parent portion of equity in such subsidiary is determined on the basis of book values of assets and liabilities as per the financial statements of the subsidiary as on the date of the investment.

d. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupees (INR), which is also the functional currency of the Company, and the presentation currency considered for the Group. The functional currency of the subsidiaries operations in Mauritius is Euro and that of its operations in Sweden is Swedish Krona (SEK).

For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e. INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any are recognised in other comprehensive income and accumulated in equity.

On the disposal of foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the statement of profit and loss.

All amounts have been rounded-off to the nearest millions, unless otherwise indicated.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

1. Basis of preparation (Continued)

e. Basis of measurement

The consolidated Ind AS financial statements have been prepared on the historical cost basis except for the following items:

- Derivative instruments at fair value;
- Net defined benefit (asset)/liability at fair value of plan assets less present value of defined benefit obligations.
- Current investments at fair value through consolidated statement of profit and loss.

f. Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Ind ASs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in lease classification.

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending ended 31 March 2020 is included in the following notes:

- Note 2(a), 2(c), 3(a) and 3(b) - Depreciation and amortisation method and useful lives of items of property, plant and equipment and intangibles assets;
- Note 37 – recognition of deferred tax assets;
- Note 19, 24 & 39– measurement of defined benefit obligations: key actuarial assumptions;
- Note 3(a) and 3(b) – Impairment of property, plant and equipment;
- Note 42 – Impairment of financial assets; and
- Note 49 – Impairment of goodwill.
- Note 13 and 18.b – Derivative contracts at fair value;

g. Measurement of fair values

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

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

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

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

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

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

1. Basis of preparation (continued)

g. Measurement of fair values (continued)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Note 40 – Share-based payments arrangements; and
- Note 41 – financial instruments;

2. SIGNIFICANT ACCOUNTING POLICIES

a. Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated statement of profit or loss.

Borrowing costs directly attributable to the acquisition/construction of the qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expense in the consolidated statement of profit and loss in the period in which they are incurred.

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

2. Significant accounting policies (continued)

a. Property, plant and equipment (continued)

ii. Depreciation methods, estimated useful lives and residual values

Depreciation is provided on a Straight Line Method ("SLM") over the useful life of property, plant and equipment as prescribed under Part C of Schedule II of the Companies Act, 2013. Depreciation for assets purchased/sold during a period is proportionately charged. The useful lives for property, plant and equipment is as follows:

Asset category	Estimated useful life (in years)
Building	30
Plant and machinery	15
Furniture and fixtures	10
Vehicles	8
Office equipment	5
Electrical installations	10
Computer (including software)	3-6

Freehold land is not depreciated.

b. Business combination, Goodwill and Intangible assets

Business combinations, other than through common control transactions, are accounted for using the purchase (acquisition) method in accordance with Ind AS 103, *Business Combinations*. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations through common control transactions are accounted on a pooling of interests method. Transaction costs incurred in connection with a business combination are expensed as incurred.

(i) Goodwill:

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. Any goodwill that arises is tested annually for impairment.

(ii) Customer relationships:

Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts. Such intangible assets are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life for customer relationship is expected to be 7 years. The residual values, useful lives and method of amortisation of intangible assets are reviewed at each financial year end and adjusted if appropriate

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

2. Significant accounting policies (continued)

b. Inventories

i. Inventories are measured at the lower of cost and net realisable value (NRV). Cost comprises purchase price and all expenses incurred in bringing the inventory to its present location and condition. Cost has been determined as follows:

Raw material, stores and spares	:	on weighted average basis
Work in progress	:	includes cost of conversion
Finished goods	:	includes cost of conversion

ii. Fixed production overheads are allocated on the basis of normal capacity of production facilities. The comparison of cost and NRV is made on an item-by-item basis. Spare parts that meets the definition of asset are capitalised at their respective carrying amounts. The NRV of work-in-progress is determined with reference to NRV of related finished goods.

iii. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their NRV.

iv. Provision for inventory obsolescence is assessed periodically and is provided as considered necessary.

c. Revenue recognition

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligation in contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised upon transfer of control of goods or services to buyer in an amount that reflects the consideration which the Group expects to receive in exchange for those goods or services.

Sale of products is adjusted net of Goods and Service tax, returns, trade discounts, and volume rebates. Service income is recognized when the related services are rendered unless significant future contingencies exist.

Export incentives are recognised in the statement of profit and loss when the right to receive credit as per the terms of the entitlement is established in respect of export made.

Dividend income is recognised in consolidated statement of profit and loss on the date on which the right to receive payment is established. Interest on the deployment of funds is recognised using the time-proportion method, based on underlying interest rates.

2. Significant accounting policies (continued)

d. Foreign currency transactions and balances

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

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the consolidated statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit and loss on a net basis within other gains/ (losses).Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss

e. Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Grants related to income are government grants other than those related to assets.

Government grants relating to an expense item are recognized in the consolidated statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented as a deduction in reporting the related expense. The presentation approach is applied consistently to all similar grants.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to the consolidated statement of profit and loss over the periods and in proportions in which depreciation expense on those assets is recognized.

Income from export incentives are recognized in the consolidated statement of profit and loss when the right to receive credit as per the terms of the entitlement is established in respect of exports made and disclosed as other operating revenues.

Income from government incentives (other than export incentive) are recognized in the consolidated statement of profit and loss when the right to receive credit as per the terms of the entitlement and disclosed as a reduction to the related expenses.

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

2. Significant accounting policies (continued)

f. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises a right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date and a lease liability at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the consolidated statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and a charge or credit to the consolidated statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in consolidated statement of profit and loss.

Lease payments associated with following leases are recognised as expense on straight-line basis:
(i) Low value leases; and
(ii) Leases which are short-term

2. Significant accounting policies (continued)

g. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

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

ii. Classification and subsequent measurement

Financial assets

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets carried at amortised cost.

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income (FVOCI) if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss (FVTPL). This include all derivative assets and current investments.

Financial liabilities

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense and are recognised in consolidated statement of profit and loss. Other financial liabilities are subsequently carried at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

2. Significant accounting policies (continued)

i. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Derivative Instruments

The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative instruments are recorded at fair value on every reporting date with changes being accounted in consolidated statement of profit and loss.

iii. Derecognition

Financial assets

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

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in consolidated statement profit or loss.

h. Impairment

i. Impairment of financial instruments

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

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

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognizing impairment loss allowance based on 12 month ECL.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

2. Significant accounting policies (continued)

j. Impairment (continued)

ii. Impairment of non - financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the consolidated statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed in the consolidated statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

i. Employee benefits

i. Defined benefit plan

Gratuity

The Group's gratuity plan is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plan is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Compensated absences

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absence as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. The calculation of the Group's obligation is performed annually by an independent actuary using the projected unit credit method as at the balance sheet date.

2. Significant accounting policies (continued)

k. Employee benefits (continued)

i. Defined benefit plan (continued)

Compensated absences (continued)

Non-accumulating compensated absences are recognised in the period in which the absences occur. The Group recognizes actuarial gains and losses immediately in the consolidated statement of profit and loss.

ii. Defined contribution plan

Provident fund

Provident fund is a post-employment benefit plan under which t makes specified monthly contribution towards Government administered provident fund scheme. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in the consolidated statement of profit and loss during the period in which the related services are rendered by the employees.

iii. Share-based payment transactions

Employees of the Group receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The expense is recognised in the consolidated statement of profit and loss with a corresponding increase in equity over the period that the employees unconditionally becomes entitled to the award. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

j. Taxes

Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current income tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted at the reporting date.

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

2. Significant accounting policies (Continued)

I. Taxes (continued)

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Minimum alternate tax

Minimum alternate tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the consolidated statement of profit and loss. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement, if any, to the extent there is no longer convincing evidence to the effect that Group will pay normal income-tax during the specified period.

k. Earnings per share

The basic earnings per share is calculated by dividing the net profit for the year attributable to the owners of the Group by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit for the year for the year attributable to the owners of the Group by the weighted average number of equity shares outstanding during the year, after adjustment for the effects of all dilutive potential equity shares.

l. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

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2. Significant accounting policies (continued)

m. Provisions and contingencies

A provision is recognised when an enterprise has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a best estimate of such obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

n. Segment reporting

Based on the "management approach" as defined in Ind AS 108 - Operating Segments, Managing Director of the Group has been identified as the Chief Operating Decision Maker (CODM). The CODM evaluates the Group's performance and allocates resources based on single segment approach and accordingly information has been presented.

o. Recent accounting pronouncements

On March 24, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Group is evaluating the effect of the amendments on its financial statements.

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3.a Property, plant and equipment

(Amount in ₹ millions)

Particulars	Owned property, plant and equipment									Leasehold land (Refer note 3.c) ##	Total
	Land # (1)	Buildings (2)	Plant and machinery* (3)	Furniture and fixtures (4)	Vehicles (5)	Office equipment (6)	Electrical installations* (7)	Computers (8)	Leasehold improvements (9)		
Gross Carrying Amount											
Balance as at 01 April 2019	**342.65**	**1,001.77**	**8,349.43**	**47.64**	**131.25**	**40.79**	**430.81**	**86.63**	**202.01**	**39.91**	**10,672.89**
Reclassified on account of adoption of Ind AS 116	-	-	-	-	-	-	-	-	-	(37.90)	(37.90)
Additions	-	210.65	1,094.85	2.93	5.81	3.30	64.34	24.99	1.31	-	1,408.18
Disposals	-	-	(42.73)	-	(11.63)	(0.10)	(1.05)	-	-	-	(55.51)
Effect of foreign exchange differences	-	-	4.73	-	-	-	-	-	-	-	4.73
Balance as at 31 March 2020	**342.65**	**1,212.42**	**9,406.28**	**50.57**	**125.43**	**43.99**	**494.10**	**111.62**	**203.32**	**2.01**	**11,992.39**
Reclass from intangible asset								0.70			0.70
Additions	123.61	30.93	1,269.00	0.80	4.63	8.03	33.04	9.44	4.81	-	1,484.29
Disposals	-	-	(18.81)	-	(3.36)	(0.10)	-	(17.60)	-	-	(39.87)
Effect of foreign exchange differences	-	-	28.35	0.17	-	1.02	-	1.87	19.30	-	50.71
Balance as at 31 March 2021	**466.26**	**1,243.35**	**10,684.82**	**51.54**	**126.70**	**52.94**	**527.14**	**106.03**	**227.43**	**2.01**	**13,488.22**
Accumulated Depreciation											
Balance as at 01 April 2019	-	89.62	1,403.31	20.93	43.12	15.11	121.27	46.27	4.65	1.47	**1,745.75**
Charge for the year	-	41.95	711.59	4.21	17.49	7.82	45.16	17.23	11.65	-	857.10
Reclassified on account of adoption of Ind AS 116	-	-	-	-	-	-	-	-	-	(1.47)	(1.47)
Disposals	-	-	(17.11)	-	(11.15)	(0.01)	(0.96)	-	-	-	(29.23)
Effect of foreign exchange differences	-	-	(1.07)	-	-	-	-	-	-	-	(1.07)
Balance as at 31 March 2020	-	**131.57**	**2,096.72**	**25.14**	**49.46**	**22.92**	**165.47**	**63.50**	**16.30**	-	**2,571.08**
Reclass from intangible asset								(1.20)			(1.20)
Charge for the year	-	45.79	768.04	6.09	17.74	5.57	47.11	15.55	24.47	-	930.36
Disposals	-	-	(12.14)	-	(3.36)	(0.02)	-	(17.60)	-	-	(33.12)
Effect of foreign exchange differences	-	-	18.60	0.22	-	0.26	-	0.09	1.88	-	21.05
Balance as at 31 March 2021	-	**177.36**	**2,871.22**	**31.45**	**63.84**	**28.73**	**212.58**	**60.34**	**42.65**	-	**3,488.17**
Carrying Amount (Net)											
Balance as at 31 March 2021	**466.26**	**1,065.99**	**7,813.60**	**20.09**	**62.86**	**24.21**	**314.56**	**45.69**	**184.78**	**2.01**	**10,000.05**
Balance as at 31 March 2020	**342.65**	**1,080.85**	**7,309.56**	**25.43**	**75.97**	**21.07**	**328.63**	**48.12**	**187.02**	**2.01**	**9,421.31**

Note:

It includes land measuring 57,922.41 sq mts allocated by Karnataka Industrial Area Development (KIADB) at Plot no. 48, 2nd Phase, Sector -2, Bidadi Industrial Area for a period of 10 years w.e.f 8th Aug 2014 and 870.75 sq.mts allocated by Karnataka Small State Industrial Development Corporation (KSSIDC) at Industrial Estate, Antharasanahalli,Tumkur for a period of 6 years w.e.f. 29th Sep 2012, to the Group on a lease cum sale basis.

Karnataka Small State Industrial Development Corporation (KSSIDC) has allotted land admeasuring 4,257 sq. mt. at Unit No. 5, KHT Complex, Antarasanahalli, Tumkur, Karnataka on a lease cum sale basis for a period of 4 years w.e.f. 8 January 1987, with specified terms and conditions to be complied with by each party. Subsequently, KSSIDC failed to comply with the terms of the agreement, hence the Group retained possession of the land. Pursuant to the communications with the KSSIDC, the Group has paid an amount of ₹ 2.01 million as consideration for the land, which has been capitalised. As at the balance sheet date, negotiations are in progress and the Group awaits the final approval of KSSIDC with respect to the registration of the land in the name of the Group.

* Accumulated depreciation of ₹ 2.26 million has been regrouped from Electrical installations to Plant and machinery.

i) Refer note 17 for details of charge over the Group's property, plant and equipment for the borrowings taken by the Group.

ii) Refer note 21 for amortisation of Government grant related to property, plant and equipment.

3.b Intangible Assets (Amount in ₹ millions)

Particulars	Owned intangible asset		Total
	Customer relationship	Computer Software	
Gross Carrying Amount			
Balance as at 1 April 2019	**32.49**	**15.38**	**47.87**
Additions	-	-	-
Disposals	-	-	-
Effect of foreign exchange differences	-	-	-
Balance as at 31 March 2020	**32.49**	**15.38**	**47.87**
Reclass to computers	-	(0.70)	(0.70)
Additions	-	-	-
Disposals	-	-	-
Effect of foreign exchange differences	5.13	-	5.13
Balance as at 31 March 2021	**37.62**	**14.68**	**52.30**
Accumulated Amortisation			
Balance as at 1 April 2019	9.28	6.05	**15.33**
Amortisation for the year	4.64	2.18	6.82
Disposals	-	-	-
Balance as at 31 March 2020	**13.92**	**8.23**	**22.15**
Reclass to computers	-	1.20	1.20
Amortisation for the year	4.64	2.20	6.84
Disposals	-	-	-
Effect of foreign exchange differences	2.94	-	2.94
Balance as at 31 March 2021	**21.50**	**11.63**	**33.13**
Carrying Amount (Net)			
Balance as at 31 March 2021	**16.12**	**3.05**	**19.17**
Balance as at 31 March 2020	**18.57**	**7.15**	**25.72**

Note: Software with net book value of ₹ 1.92 million, forming an integral part of the computers have been reclassified from the opening carry forward balance of intangibles and included as cost of computer in Note 3a.

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3.c Right-of-use assets and lease liabilities **(Amount in ₹ millions)**

i) Following are the changes in the carrying value of right of use assets for the year ended 31 March 2021:

Particulars	Leased asset		
	Land	**Buildings**	**Total**
Balance as at 1 April 2019	0.23	851.83	**852.06**
On account of adoption of Ind AS 116	36.43	8.08	**44.51**
Additions	-	51.48	**51.48**
Deletion	-	-	-
Depreciation	(0.44)	(74.64)	**(75.08)**
Balance as at 31 March 2020	**36.22**	**836.75**	**872.97**
Additions	-	15.31	**15.31**
Deletion	-	-	-
Depreciation	(0.46)	(79.10)	**(79.56)**
Effect of foreign exchange differences	-	83.63	**83.63**
Balance as at 31 March 2021	**35.76**	**856.59**	**892.35**

ii) The following is the movement in lease liabilities during the year ended 31 March 2021:

Particulars	Leased Liability		
	Land	**Buildings**	**Total**
Balance as at 1 April 2019	1.72	890.47	892.19
Additions	-	48.65	48.65
Finance cost accrued during the year	0.14	39.42	39.56
Deletions	-	-	-
Payments	(0.14)	(96.17)	(96.31)
Effect of foreign exchange differences	-	1.44	1.44
Balance as at 31 March 2020	**1.72**	**883.81**	**885.53**
Additions	-	15.31	15.31
Finance cost accrued during the year	0.14	41.66	41.80
Rental concession*	-	(2.71)	(2.71)
Deletions	-	-	-
Payments	(0.14)	(102.41)	(102.55)
Effect of foreign exchange differences	-	83.78	83.78
Balance as at 31 March 2021	**1.72**	**919.44**	**921.16**

iii) The following is the break-up of current and non-current lease liabilities:

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Current lease liabilities	110.88	96.94
Non-current lease liabilities	810.28	788.59
Total	**921.16**	**885.53**

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iv) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at 31 March 2021	As at 31 March 2020
Less than one year	110.88	96.94
One to five years	369.25	368.30
More than five years	701.54	687.76
Total lease liabilities	**1,181.67**	**1,153.00**
Less: implicit interest	**(260.51)**	**(267.47)**
Lease liabilities included in Balance sheet	**921.16**	**885.53**

v) Amount recognised in statement of profit and loss

Particulars	As at 31 March 2021	As at 31 March 2020
Depreciation on Right-of-use assets	79.56	75.08
Interest on lease liabilities	41.80	39.56
Low value lease rentals (included with rent, classified under other expenses)	3.08	4.84

vi) Amount recognised in statement of cash flow

Particulars	As at 31 March 2021	As at 31 March 2020
Cash outflows for leases		
Interest portion of lease liabilities	41.80	39.56
Principal portion of lease liabilities	60.75	56.75
Total	**102.55**	**96.31**

* During the year the company has applied the practical expedient to all eligible rent concessions and subsequently an amount of ₹ 2.71 million has been recognized in profit or loss.

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(Amount in ₹ millions)

3.d **Goodwill**

Particulars	As at 31 March 2021	As at 31 March 2020
Carrying amount at the beginning of the year	323.64	324.21
Effect of foreign exchange differences	34.73	(0.57)
Total	**358.37**	**323.64**

Note : For details of impairment tests for goodwill refer note 49.

4 **Non-current Investments**

Particulars	As at 31 March 2021	As at 31 March 2020
Unquoted		
Other Investment-Unquoted (Measured at fair value through other comprehensive income)		
Cleanmax Vega Power LLP* 26% (31 March 2020: 26%)	36.93	36.93
Total	**36.93**	**36.93**

* On May 3, 2019, the Group had entered in to a Group Captive Power Project agreement with Clean Max Vega Power LLP ("LLP") and Clean Max Enviro Energy Solutions Private Limited towards generation and supply of renewable energy for private consumers of electricity. The agreement is for the period of 25 years wherein the Group has committed to purchase atleast 51% of the total power produced by the power producer.

Aggregate amount of unquoted investments	36.93	36.93
Aggregate amount of quoted investments	-	-
Aggregate amount of impairment in investments	-	-

5 **Non-current loans**

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposits		
-Unsecured, considered good	284.54	267.10
-Doubtful	-	-
Total	**284.54**	**267.10**

5.a **Other financial assets, non-current**

Particulars	As at 31 March 2021	As at 31 March 2020
Bank deposits (due to mature after 12 months from the reporting date)*	4.94	8.36
Loan to key managerial personnel (Refer note 38)	-	3.88
Loan to employees	9.15	22.57
Total	**14.09**	**34.81**

*Includes certain deposits pledged against bank guarantees and letter of credits provided by the bank.

6.a **Tax assets for current taxes, net**

Particulars	As at 31 March 2021	As at 31 March 2020
Advance tax including tax deducted at source, net of provision for tax	27.14	29.30
Total	**27.14**	**29.30**

6.b **Income tax liabilities, net**

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for tax, net of advance tax including tax deducted at source	0.59	29.52
Total	**0.59**	**29.52**

7 **Other non-current assets**

Particulars	As at 31 March 2021	As at 31 March 2020
Capital advances	220.38	197.48
Prepayments	0.49	3.07
Duty paid under protest	3.83	4.13
Total	**224.70**	**204.68**

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(Amount in ₹ millions)

8 **Inventories** (valued at lower of cost and net realisable value)

Particulars	As at 31 March 2021	As at 31 March 2020
Raw materials*	838.03	722.90
Work in progress	915.74	891.06
Finished goods **	395.15	369.27
Stores and spares	355.06	417.39
Sub-Total	2,503.98	2,400.62
Less: Provision for obsolete inventory	18.29	11.44
Total	**2,485.69**	**2,389.18**

* Includes stock of assembled components.
** Includes stock in transit of ₹ 83.87 million (31 March 2020 : ₹ 57.42 million)

The mode of valuation of inventories has been stated in note 2.4

9 **Current investments**

Particulars	As at 31 March 2021	As at 31 March 2020
Quoted equity shares		
Equity shares at fair value through statement of profit and loss		
800 (31 March 2020: 800) equity shares of ₹10 each fully paid up of Maruti Suzuki India Ltd	5.58	3.53
Total	**5.58**	**3.53**
Aggregate amount of quoted investments	5.58	3.53
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in investments	-	-

10 **Trade receivables**

Particulars	As at 31 March 2021	As at 31 March 2020
Considered good - Secured	-	-
Considered good - Unsecured	3,153.44	2,614.82
That have an increase in Credit Risk that is significant.	-	-
Credit Impaired.	-	-
Sub-Total	**3,153.44**	**2,614.82**
Less: Allowance for credit losses	(23.61)	(23.61)
Total	**3,129.83**	**2,591.21**

The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 42.

The average credit period on sales of goods for the year ended 31 March 2021 is 59-72 days. No interest is charged on trade receivables.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix, The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rebates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows

Ageing	*Expected Credit loss (%)*
within the credit period	0.00%
1-90 days past due	0.05% to 0.84%
91-180 days past due	1.88% to 2.00%
181-270 days past due	9.81% to 25.93%
271-360 days past due	32.45% to 42.66%
More than 360 days past due	100.00%

Age of receivables

	As at 31 March 2021	As at 31 March 2020
within the credit period	2,363.97	1,830.89
1-90 days past due	706.26	697.56
91-180 days past due	57.54	48.47
181-270 days past due	7.69	7.90
271-360 days past due	13.49	4.15
More than 360 days past due	4.49	25.85
Total	**3,153.44**	**2,614.82**

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(Amount in ₹ millions)

11 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	0.72	1.14
Balance with banks		
- in current accounts	364.28	598.94
Total	**365.00**	**600.08**

12 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
In bank deposit accounts (due to mature within 12 months from the reporting date)*	286.42	116.36
Total	**286.42**	**116.36**

*Includes certain deposits pledged against bank guarantees and letter of credits provided by the bank.

13 Other current financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Insurance claim receivable	-	106.50
Amounts recoverable from shareholders (Proposed IPO related) (Refer note 38)	94.21	94.21
Unbilled revenue	50.31	15.99
Loan to key managerial personnel (Refer note 38)	3.88	-
Loan to employees	25.38	10.62
Derivative contracts at fair value	38.54	-
Others	10.49	9.15
Total	**222.81**	**236.47**

14 Other current assets

Particulars	As at 31 March 2021	As at 31 March 2020
Duty drawback receivables	71.61	102.08
Advance to suppliers	68.79	104.07
Balances with government authorities	172.63	211.79
Prepayments	18.90	27.78
Total	**331.93**	**445.72**

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(Amount in ₹ millions)

15.a **Equity share capital**

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
Equity shares		
62,500,000 (31 March 2020: 62,500,000) equity shares of ₹ 2 each (31 March 2020: ₹ 2 each)	125.00	125.00
Total	**125.00**	**125.00**
Issued, subscribed and paid up share capital		
Equity shares		
46,936,500 (31 March 2020: 46,936,500) equity shares of ₹2 each (31 March 2020: ₹ 2 each)	93.87	93.87
Total	**93.87**	**93.87**

i. List of persons holding more than 5 percent shares in equity shares of the Company

Name of the share holder	As at 31 March 2021		As at 31 March 2020	
	No of shares	% holding	No of shares	% holding
Client Ebene Limited	15,343,900	32.69	15,343,900	32.69
CVCIGPII Employee Ebene Limited	8,593,425	18.31	8,593,425	18.31
S Sekhar Vasan	12,307,600	26.22	12,307,600	26.22
Unni Rajagopal	3,416,925	7.28	3,416,925	7.28
D Devaraj*	3,416,925	7.28	3,416,925	7.28
F R Singhvi	3,416,925	7.28	3,416,925	7.28

* includes 669,175 shares held by D. Devaraj as the Karta of a HUF.

ii. Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	No of shares	₹	No of shares	₹
Equity shares				
Number of shares outstanding at the beginning of the year	46,936,500	93.87	46,936,500	93.87
Add: Issued during the year (refer note (a) below)	-	-	-	-
Number of shares outstanding at the end of the year	46,936,500	93.87	46,936,500	93.87

Note:

a. During the year 2018-19, based on the shareholders' approval one equity share of ₹ 100 each was sub-divided into 50 equity shares of ₹ 2 each with effect from 27 July 2018. Subsequently, the Company had issued bonus shares in the proportion of 27:2.

iii. Shares held by holding / ultimate holding company and / or their subsidiaries / associates:

Name of the shareholder	As at 31 March 2021		As at 31 March 2020	
	No of shares	Amount	No of shares	Amount
Equity shares				
Client Ebene Limited	15,343,900	30.69	15,343,900	30.69
CVCIGPII Employee Ebene Limited	8,593,425	17.19	8,593,425	17.19
Total	**23,937,325**	**47.88**	**23,937,325**	**47.88**

iv. As at March 31, 2021, the Company has reserved 2,362,050 shares (March 31, 2020 : 2,510,675 shares) for issuance towards outstanding employee stock option granted/available for grant (Refer note 40)

v. Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the Shareholders' meeting. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive residual assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders or in line with the terms of the shareholders agreement as the case may be. Each of the promoters undertake that until the earlier of an IPO or the holders of CCPS and / or their affiliates ceasing to hold any shares in the Company, no promoter shall directly or indirectly, transfer or grant options on any of shares held by them in the Company unless agreed to in writing by the holders of CCPS. The promoters of the Company are S Sekhar Vasan, F R Singhvi, Unni Rajagopal K and D Devaraj.

vi. There are no shares bought back during 5 years immediately preceding 31 March 2021.

vii. There have been no shares allotted as fully paid up pursuant to contract without payment being received in cash during five years immediately preceding 31 March 2021, except as stated in Note 15(a)(ii)(a).

15.b **Instruments entirely equity in nature**

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised		
Preference shares		
A Series 300,000 (31 March 2020: 300,000), 0.0001% compulsorily convertible preference shares of ₹100 each	30.00	30.00
B Series 750,000 (31 March 2020: 750,000), 0.0001% compulsorily convertible preference shares of ₹100 each	75.00	75.00
Total	105.00	105.00
Issued, subscribed and paid up		
Preference shares		
A Series 300,000 (31 March 2020: 300,000), 0.0001% compulsorily convertible preference shares of ₹100 each	30.00	30.00
B Series 750,000 (31 March 2020: 750,000), 0.0001% compulsorily convertible preference shares of ₹100 each	75.00	75.00
Total	105.00	105.00

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15.b Instruments entirely equity in nature (continued)

i. Reconciliation of the number of preference shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	No of shares	Amount	No of shares	Amount
Compulsorily Convertible Preference shares(CCPS) Series: A				
Number of shares outstanding at the beginning of the year	300,000	30.00	300,000	30.00
Add: Issued during the year	-	-	-	-
Number of shares outstanding at the end of the year	300,000	30.00	300,000	30.00
Compulsorily Convertible Preference shares(CCPS) Series: B				
Number of shares outstanding at the beginning of the year	750,000	75.00	750,000	75.00
Add: Issued during the year	-	-	-	-
Number of shares outstanding at the end of the year	750,000	75.00	750,000	75.00

ii. Shares held by holding / ultimate holding company and / or their subsidiaries / associates and list of parties holding more than 5% of shares:

Name of the shareholder	As at 31 March 2021		As at 31 March 2020	
	No of shares	Amount	No of shares	Amount
Compulsorily Convertible Preference shares (CCPS) Series : A				
Client Ebene Limited	192,300	19.23	192,300	19.23
CVCIGPII Employee Ebene Limited	107,700	10.77	107,700	10.77
Total	**300,000**	**30.00**	**300,000**	**30.00**
Compulsorily Convertible Preference shares (CCPS) Series : B				
Client Ebene Limited	480,750	48.08	480,750	48.08
CVCIGPII Employee Ebene Limited	269,250	26.92	269,250	26.92
Total	**750,000**	**75.00**	**750,000**	**75.00**

iii. Rights, preferences and restrictions attached to preference shares:

Compulsorily convertible preference shares (CCPS) - [Series A and Series B]

Dividend rights

In accordance with the share subscription agreement dividend shall be equal to 0.0001 % per annum of the face value of the CCPS [Series A and Series B]. In any given financial year, the Group may not declare any dividend or other distribution to its holders of equity shares unless it has first declared the preferential dividend for such financial year to the holders of the CCPS [Series A and Series B]. The dividends are non-cumulative.

Conversion of preference shares

In accordance with the share subscription agreement (SSA), CCPS [Series A and Series B] is convertible, on the expiry of 20 (twenty) years from the completion date respectively (July 7, 2033) and into a fixed share entitlement ratio as defined in the SSA.

The equity shares issued to the holders of the CCPS [Series A and Series B] pursuant to conversion shall be free of all encumbrances and shall (i) be fully-paid up, (ii) be transferable to any person in accordance with the terms of the agreement, (iii) carry full voting rights, and (iv) rank pari passu in every respect with other ordinary fully paid up equity shares.

16 Other equity

Summary of other equity balances*

Particulars	As at 31 March 2021	As at 31 March 2020
Reserves and surplus		
Capital redemption reserve	0.55	0.55
Capital reserve	8.17	8.17
Securities premium	1,216.76	1,216.76
General reserve	135.48	135.48
Retained earnings	6,987.35	5,926.31
Employee stock option outstanding account	182.00	182.00
Exchange differences on translation of foreign operations (net of tax)	53.24	13.64
Total	**8,583.55**	**7,482.91**

* Refer consolidated statement of changes in equity for detailed movement in above other equity balances.

Nature and purpose of other equity:

Capital redemption reserve

The capital redemption reserve is created out of undistributed profits for purchase of its own shares.

Capital reserve

Capital reserve of ₹ 3.52 million refers to the subsidy received from the Government of Karnataka, Department of Industries and Commerce. This subsidy was received as the Group was a small scale industry in that particular year. Balance pertains to share of pre-acquisition profits of a subsidiary at the time of acquisition by the Group accounted as capital reserve.

Securities premium

Securities premium comprises of premium on issue of shares. The reserve is utilised in accordance with specific provision of the Companies Act, 2013.

General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to statement of profit and loss.

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16 Other equity (continued)

Retained earnings

Retained earnings are profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors.

Employee stock option outstanding account

The fair value of the equity-settled share based payment transactions with employees is recognised in statement of profit and loss with corresponding credit to employee stock option outstanding account.

Exchange differences on translation of foreign operations

Exchange differences arising on translation of the foreign operation are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

17 Long term borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Secured at amortised cost		
Term loans from banks	1,403.40	1,015.30
Term loans from other financial institutions	472.81	701.65
Car loan from bank	0.31	1.30
Total	**1,876.52**	**1,718.25**

(i) Term loans from banks and others amounting to ₹ 2,945.17 million (31 March 2020: ₹ 2,813.65 million) are secured by hypothecation and mortgage of all present and future movable and immovable property, plant and equipments including plant and machinery, furniture and fixtures, and other equipments of the Group. Refer note 3.a .

Repayment and interest terms

Term loans from banks:

Repayment and interest terms	Name of the Lender	As at 31 March 2021	As at 31 March 2020
-Repayable in 20 equal quarterly instalments of ₹25.31 million per quarter starting from October 2015 and to be settled by July 2020. The loan carries interest rate of 9.85% p.a	Citi Bank	-	51.14
Repayable in 20 equal quarterly instalments of ₹20.00 million per quarter starting from August 2017 and to be settled by August 2022. The loan carries interest rate of 2% p.a	Citi Bank	137.64	237.43
Repayable in 20 equal quarterly instalments of ₹11.111 million per quarter starting from April 2017 and to be settled by July 2022. Loan amounting to ₹13.90 million carries interest rate of 8.15% p.a. and loan amounting to ₹50.00 million carries interest rate of 8.25%.	HSBC Bank	63.90	108.37
Repayable in 18 equal quarterly instalments of ₹13.89 million per quarter starting from September 2017 and to be settled by November 2022. Loan amounting to ₹33.34 million carries interest rate of 8.05% p.a. and loan amounting to ₹58.34 million carries interest rate of 7.9% p.a.	HSBC Bank	91.68	147.16
Repayable in 18 equal quarterly instalments of ₹13.89 million per quarter starting from January 2019 and to be settled by July 2023. Loan amounting to ₹75.02 million carries interest rate of 8.15% p.a. and loan amounting to ₹55.57 million carries interest rate of 8.05% p.a.	HSBC Bank	130.59	186.17
Repayable in 20 equal quarterly instalments of ₹12.26 million per quarter starting from April 2016 and to be settled by May 2021. The loan carries interest rate of 8.15% p.a.	HDFC Bank	12.26	61.79
Repayable in 20 equal quarterly instalments of ₹12.50 million per quarter starting from June 2017 and to be settled by March 2022. The loan carries interest rate of 7.3% p.a.	HDFC Bank	50.00	100.77
Repayable in 20 equal quarterly instalments of ₹21 million per quarter starting from March 2019 and to be settled by August 2023. The loan carries interest rate of 7.25% p.a.	HDFC Bank	210.00	296.06
Repayable in 20 equal quarterly instalments of ₹20 million per quarter starting from September 2019 and to be settled by June 2024. The loan carries a interest rate of 7.45% p.a.	HDFC Bank	260.00	342.44
Repayable in 20 equal quarterly instalments of ₹25 million per quarter starting from January 2021 and to be settled by October 2025. The loan carries a interest rate of 8.35% p.a.	HDFC Bank	475.00	-
Repayable in a bullet payment of ₹122.92 million in October 2021 and in a bullet repayment of ₹14.48 million in March 22 . The loan carries interest rate of 1.72% p.a.	DBS Bank	137.39	142.19
Repayable in a bullet payment of ₹15.01 million in March 2022. The loan carries interest rate of 1.50% p.a.	DBS Bank	15.01	178.08
Repayable in 16 equal monthly instalments of ₹34.87 million starting from October 2021 and to be settled by July 2025. The loan carries a interest rate of 7.35% p.a.	Axis Bank	557.91	-
Repayable in 57 monthly instalments of ₹ 0.18 million per month starting from August 2015 and to be settled by May 2020. The loan carries a interest rate of 7.70% p.a.	HDFC Bank	-	1.74
Repayable in 57 monthly instalments of ₹ 0.34 million per month starting from August 2015 and to be settled by February 2022. The loan carries a interest rate of 7.70% p.a.	HDFC Bank	3.70	5.92
Repayable in 57 monthly instalments of ₹ 0.46 million per month starting from August 2015 and to be settled by January 2022 The loan carries a interest rate of 7.70% p.a.	HDFC Bank	4.63	7.41

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Repayment and interest terms	Name of the Lender	As at 31 March 2021	As at 31 March 2020
Repayable in 57 monthly instalments of ₹ 0.46 million per month starting from August 2015 and to be settled by October 2022. The loan carries a interest rate of 7.70% p.a.	HDFC Bank	8.80	11.57
Repayable in 60 monthly instalments of ₹ 0.37 million per month starting from January 2020 and to be settled by July 2024. The loan carries a interest rate of 8.25% p.a.	HDFC Bank	14.82	17.04
Repayable in 60 monthly instalments of ₹ 0.46 million per month starting from November 2021 and to be settled by October 2024. The loan carries a interest rate of 8.25% p.a.	HDFC Bank	51.20	-
Sub-total		**2,224.53**	**1,895.29**
Less: Current maturities (Refer note 18.b)		(821.13)	(879.99)
Total		**1,403.40**	**1,015.30**

Term loans from other financial institutions :

Repayment and interest terms	Name of the Lender	As at 31 March 2021	As at 31 March 2020
Repayable in 20 equal quarterly instalments of ₹20.00 million per quarter starting from July 2018 and to be settled by April 2024. The loan carries interest rate of 9% p.a.	Citi Financial Corporation Ltd	260.00	342.68
Repayable in 50 equal monthly instalments of ₹3.78 million starting from September 2017 and to be settled by August 2021. The loan carries interest rate of 8.00% p.a.	Bajaj Finance Limited	19.16	61.02
Repayable in 54 equal monthly instalments of ₹6.72 million starting from April 2019 and to be settled by September 2023. The loan carries interest rate of 8.00% p.a.	Bajaj Finance Limited	182.17	245.93
Repayable in 48 equal monthly instalments of ₹4.88 million starting from February 2021 and to be settled by January 2025. The loan carries interest rate of 8.00% p.a.	Bajaj Finance Limited	192.86	201.51
Repayable in 60 monthly instalments of ₹ 1.1 million per month starting from May 2018 and to be settled by May 2024.The loan carries a interest rate of 9.55% p.a.	Bajaj Finance Limited	41.84	54.82
Repayable in 60 monthly instalments of ₹ 0.15 million per month starting from May 2019 and to be settled by March 2025.The loan carries a interest rate of 9.55% p.a.	Bajaj Finance Limited	8.20	9.60
Sub-total		**704.23**	**915.56**
Less: Current maturities (Refer note 18.b)		(231.42)	(213.91)
Total		**472.81**	**701.65**

Car loan from bank:

Repayment and interest terms	Name of the Lender	As at 31 March 2021	As at 31 March 2020
Repayable in 60 monthly instalments of ₹ 0.06 million per month starting from November 2017 and to be settled by September 2022. The loan carries a interest rate of 8.25% p.a.	HDFC Bank	1.06	1.70
Repayable in 37 monthly instalments of ₹ 0.06 million per month starting from October 2018 and to be settled by October 2021. The loan carries a interest rate of 9% p.a.	HDFC Bank	0.42	1.10
Sub-total		**1.48**	**2.80**
Less: Current maturities (Refer note 18.b)		(1.17)	(1.50)
Total		**0.31**	**1.30**

18.a Other non-current financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Capital creditors	-	11.04
Total	-	11.04

18.b Other current financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Current maturities of long term borrowings*	1,053.72	1,095.40
Capital creditors**	168.02	103.02
Derivative contracts at fair value	-	19.89
Accrued Interest	14.93	-
Total	1,236.67	1,218.31

*The Group's exposure to currency and liquidity risk related to other current financial liabilities are disclosed in note 42.
**Capital creditors include dues to micro enterprises and small enterprises amounting to ₹ 25.00 million (31 March 2020: ₹ 8.60 million) (Refer note 45)

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19 **Non-current provisions**

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
Provision for gratuity (Refer note 39)	151.83	126.89
Total	151.83	126.89

20 **Deferred tax liabilities (net)**

Particulars		As at 31 March 2021	As at 31 March 2020
Deferred tax assets			
Provision for employee benefits		60.86	57.69
Security deposit		1.06	2.12
Allowance for credit losses		4.58	4.58
Derivative contracts at fair value		-	5.01
Right of use assets, net of lease liabilities (Ind AS 116)		8.81	7.31
Others		2.63	9.66
Total	(a)	77.94	86.37
Deferred tax liabilities			
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act.		671.46	633.67
On fair valuation of quoted investments		1.40	0.89
Derivative contracts at fair value		9.70	-
On Intangibles		-	4.08
Exchange differences arising from foreign operations		13.32	-
Others		0.04	-
Total	(b)	695.92	638.64
Deferred tax liabilities (net)	(c) = (b) - (a)	617.98	552.27

21 **Other non-current liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred Government grant	467.16	425.89
Total	467.16	425.89

Movement in deferred Government grant (Current and Non-current)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	467.04	457.15
Add: Grants during the year	92.67	50.78
Less: Amortised to profit or loss	(45.11)	(40.89)
Closing balance	514.60	467.04
Less: Amounts expected to be recognised in the next 12 months (Refer note 25) - current	(47.44)	(41.15)
Net Closing balance, non-current	467.16	425.89

The Government grant related to property, plant and equipment is recognized as deferred income and is being amortized over the useful life of the asset in proportion in which the related depreciation expense is recognized. Also refer note 3.a .

22 **Short-term borrowings**

Particulars	As at 31 March 2021	As at 31 March 2020
Loans repayable on demand - Unsecured		
From bank	-	100.00
From others	-	450.50
Loans from banks - Secured		
Cash credit	40.95	-
Working capital loan	1,518.58	1,453.15
Packing credit	992.79	1,525.28
Bill discounting facility with recourse	-	25.19
Total	2,552.32	3,554.12

Cash credit, working capital loan, packing credit loan from banks and others amounting to ₹ 2,552.32 million as at 31 March 2021 (31 March 2020: ₹ 3,003.62 million) are secured by hypothecation of current assets, movable and immovable property, plant and equipment of the Group.

Working capital loan carries interest rate ranging from 6.75% p.a. to 8.75% p.a. , Cash credit carries interest rate ranging from 7.1% p.a to 9.55% p.a and Packing credit carries interest rate ranging from 3.40 % p.a. to 5.80% p.a.

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23 Trade payables

Particulars	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises (Refer note 45)	86.39	67.23
Total outstanding dues of creditors other than to micro enterprises and small enterprises	1,750.37	1,334.97
Trade payable towards		
Accrued salaries and benefits	385.22	263.55
Accrued expenses	48.48	63.20
Total	2,270.46	1,728.95

The Group's exposure to currency and liquidity risk related to trade payables are disclosed in note 42.

The average credit period on purchase of goods for the year ended 31 March 2021 is 55 days. No interest is charged on the trade payable. The Company has financial risk management policies in place to ensure that all payables are paid within pre-agreed credit terms

Note: Expenses accrued towards good and services received has been classified under Trade payables instead of other financial liabilities

24 Current provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
Provision for gratuity (Refer note 39)	26.75	20.71
Provision for compensated absences	72.35	77.83
Total	99.10	98.54

25 Other current liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Advance from customers	26.37	12.96
Statutory liability	133.82	110.38
Deferred government grant	47.44	41.15
Total	207.63	164.49

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26 Revenue from operations

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of products	14,568.90	13,930.38
Sale of services	2.30	13.02
	14,571.20	**13,943.40**
Other operating revenues:		
- Scrap sales	560.14	441.74
- Tooling income	257.85	54.90
- Export incentive benefits	103.52	131.66
Total	**15,492.71**	**14,571.70**

A. Disaggregation of Revenue from contracts with customers	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of products		
- India	9,466.78	9,664.83
- Europe	3,640.52	3,266.21
- USA	1,012.62	709.86
- Other foreign countries	448.98	289.48
Total	**14,568.90**	**13,930.38**
Sale of services		
- India	2.30	13.02
Tooling income		
- India	47.29	2.08
- Europe	105.90	42.26
- USA	90.07	10.56
- Other foreign countries	14.59	-
Total	**257.85**	**54.90**
Total revenue from contracts with customers		
- India	9,516.37	9,679.93
- Europe	3,746.42	3,308.47
- USA	1,102.69	720.42
- Other foreign countries	463.57	289.48
Total	**14,829.05**	**13,998.30**

B. Reconciling the amount of revenue recognised with contract and total revenue:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Total revenue from contract with customers	14,829.05	13,998.30
Adjustments:		
Other operating revenues:		
- Export incentive benefit	103.52	131.66
- Scrap sales	560.14	441.74
Total	**15,492.71**	**14,571.70**

C. Timing of revenue recognition

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Good transferred at a point in time	15,234.86	14,516.80
Service transferred over time	257.85	54.90
Total revenue from contract with customers	**15,492.71**	**14,571.70**

The transaction price allocated to (partially) unsatisfied performance obligations at March, 31 2021 and 2020 is Nil.

D. Contract balances

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Trade receivables	3,129.83	2,591.21
Contract assets (Unbilled revenue)	50.31	15.99
Contract liabilities (Advance from customers)	26.37	12.96

E. The Group's revenue from its major products are as follows:

(Amount in ₹ millions)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Connecting rods	5,778.67	5,213.35
Crank shaft assembly	2,509.90	2,531.40
Gear shifter forks	959.06	1,003.85
Rocker arms	2,836.10	2,899.88
Others*	2,485.17	2,281.90
Total revenue from sale of products	**14,568.90**	**13,930.38**

* Individual items of these are less than 10% of sale of products.

Revenue from sale of products from the Group's top three customers, who are individually more than 10% of the Group's sale of products, is ₹ 6,547.26 million (31 March 2020 [two customers] - ₹ 4,992.19 million)

(Amount in ₹ millions)

27 Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income	22.42	10.87
Fair value gain on financial instruments at fair value through profit or loss	2.05	-
Profit on sale of property, plant and equipment, net	4.77	1.05
Gain on foreign currency transactions, net	101.80	104.64
Income from government grants	81.92	40.89
Other non-operating income	17.97	2.24
Total	**230.93**	**159.69**

28 Cost of materials consumed

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Raw materials at the beginning of the year	722.90	772.26
Add:- Purchases	6,793.44	6,232.63
Less: Raw materials at the end of the year	838.03	722.90
Total	**6,678.31**	**6,281.99**

29 Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening balance		
Finished goods	369.27	322.87
Work-in-progress	879.62	907.07
	1,248.89	**1,229.94**
Closing balance		
Finished goods	395.15	369.27
Work-in-progress	897.45	879.62
	1,292.60	**1,248.89**
Changes in inventories of work-in-progress and finished goods	**(43.71)**	**(18.95)**

30 Employee benefit expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and wages	1,804.31	1,819.53
Contribution to provident and other funds (Refer note 39 A)	75.96	82.27
Gratuity expenses (Refer note 39 B)	39.79	34.36
Staff welfare expenses	217.44	198.08
Total	**2,137.50**	**2,134.24**

31 Finance costs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest Cost		
-Banks	335.24	374.99
-Others	92.83	119.67
Exchange differences regarded as an adjustment to borrowing costs	4.06	46.68
Interest on obligations under lease	41.80	39.56
Total	**473.93**	**580.90**

Bank charges of aggregating ₹ 26.41 million, included erroneously under interest cost in the previous year, has been reclassified to other expenses.

32 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation of property, plant and equipment	930.36	857.10
Depreciation of right-of-use-asset	79.56	75.08
Amortisation of intangible assets	6.84	6.82
Total	**1,016.76**	**939.00**

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(Amount in ₹ millions)

33 Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Contract labour charges	771.14	689.87
Freight outward	168.15	114.89
Legal and professional (Refer note 36 and note 38)	71.14	77.27
Rates and taxes	45.77	18.11
Repairs and maintenance		
-building	103.51	115.19
-computers	51.93	56.05
-vehicles	25.74	29.05
Rent	3.08	4.84
Traveling and conveyance	20.45	50.67
Insurance	54.65	40.24
Printing and Stationery	5.56	6.18
Communication	8.69	8.40
Security charges	44.97	44.70
Selling and advertisement	1.43	4.80
Corporate social responsibility (Refer note 46)	29.53	30.00
Insurance claim receivable written off	11.26	10.50
Bank charges	21.55	26.41
Miscellaneous	28.25	52.18
Total	**1,466.80**	**1,379.35**

(Amount in ₹ millions except no. of shares)

34 Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the profit for the year available to the shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing the profit for the year available to the shareholders of the Company by the weighted average number of equity shares outstanding during the year, after adjustment for the effects of all dilutive potential equity shares. The details are as follows:

Particulars		For the year ended 31 March 2021	For the year ended 31 March 2020
Profit for the year available to the shareholders of the Company	A	1,079.86	806.40
Nominal value of equity shares (₹ per share)		2	2
Weighted average number of equity shares for calculation of basic earnings per share	B	51,377,850	51,377,850
Basic earnings per share (in ₹)	A/B	**21.02**	**15.70**
Weighted average number of equity shares for calculation of diluted earnings per share	C	52,551,625	52,551,625
Diluted earnings per share (in ₹)	A/C	**20.55**	**15.34**

Note : Basic Earning Per Share have been restated to include the impact of compulsorily convertible preference shares outstanding as at March 31, 2020, which was not considered earlier. There is no change in the diluted earnings per share.

Computation of weighted average number of shares

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Weighted average number of equity shares	46,936,500	46,936,500
Weighted average number of Compulsorily Convertible Preference Shares (CCPS) Series:A	4,439,900	4,439,900
Weighted average number of Compulsorily Convertible Preference Shares (CCPS) Series:B	1,450	1,450
Weighted average number of equity shares for calculation of basic earnings per share	**51,377,850**	**51,377,850**
Add: Impact of potentially dilutive equity shares:-		
Employee Stock Option Plan	1,173,775	1,173,775
Weighted average number of equity shares for calculation of diluted earnings per share	**52,551,625**	**52,551,625**

35 Contingent liabilities and commitments *(to the extent not provided for)*

Particulars	As at 31 March 2021	As at 31 March 2020
Contingent liabilities #		
Claims against the Group not acknowledged as debts:-		
Excise duty, entry tax and service tax matters (Refer note A)	80.35	82.54
Income tax matters (Refer note A)	11.98	12.01
Commitments ##		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Refer note B)	398.56	194.24

Note A: Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash flows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for wherever required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcomes of these proceedings to have a materially adverse effect on its financial position.

Note B: As at 31 March 2021, the Group has committed to spend ₹ 398.56 million (31 March 2020 ₹ 194.24 million) under contract to purchase property, plant and equipment.

The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the group had made a provision for provident fund contribution pursuant to the judgement in the previous year. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact of the same.

Refer note 4 wherein the Group has invested in Cleanmax Vega Power LLP (i.e., power producer) and entered into a energy supply agreement for a period of 25 years with lock in period of 5 years pursuant to such energy supply agreement the Group has committed to purchase atleast 51% of the total power produced by the power producer.

The Group does not have any other material commitments.

36 Auditors' remuneration (included in legal and professional, net of taxes)

(Amount in ₹ millions)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020 #
Statutory audit fees	3.80	-
Statutory audit fees-Erstwhile auditor	0.59	3.40
Tax audit fees	0.30	-
Tax audit fees-Erstwhile auditor	0.04	0.40
Other audit services	-	0.26
Reimbursement of expenses	-	0.66
	4.73	4.72

represents payment made to the erstwhile auditors of the Company

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37 Tax expense

(Amount in ₹ millions)

A. Amounts recognised in consolidated statement of profit and loss

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax (a)		
Current year	303.87	237.31
Deferred tax (b)		
Attributable to -		
Origination and reversal of temporary differences	58.98	(152.90)
Income tax expense reported in the standalone statement of profit or loss (a+b)	**362.85**	**84.41**
Amounts recognised in other comprehensive income		
Deferred taxes		
Remeasurements of the defined benefit plans	(6.59)	(3.37)
Exchange differences on translation of foreign operations	13.32	-
Income tax reported in other comprehensive income	**6.73**	**(3.37)**

B. Bifurcation of the income tax recognised in other comprehensive income into

Items that will not be reclassified to profit or loss	(6.59)	(3.37)
Items that will be reclassified to profit or loss	13.32	-
Total	**6.73**	**(3.37)**

C. Reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

	31 March 2021	31 March 2020
Profit before tax	1,461.45	886.76
Tax using the Group's domestic tax rate	25.17%	25.17%
	367.85	223.20
Effect of:		
Non-deductible expenses	7.29	7.55
Incremental tax expense on completion of assessment for earlier years	(4.44)	26.04
Difference in rate from previous years*	-	(194.45)
Difference in tax rates of foreign operations	(13.19)	(2.13)
Current year losses for which no deferred tax was recognised	-	2.64
Impact of implementation of IND AS 116	-	7.31
Others	5.34	14.25
Income tax expense	**362.85**	**84.41**

*w.e.f 1 Apr 2019, the new Section 115BAA was inserted in Income Tax, 1961 which prescribed the concessional tax rates of 22% (with 10% of Surcharge and 4% of cess) as against the erstwhile rates of 30% (with 12% of Surcharge and 4% of cess). The Company has accordingly adopted the concessional tax rates which has resulted in reversal of deferred tax amounting to ₹ 194.45 million during the previous year.

37 Tax expense (continued)

(Amount in ₹ millions)

D. Movement in temporary differences

Particulars	Balance as at 1 April 2020 Net deferred tax asset/(liabilities)	Recognised in profit and loss during the year	Recognised in OCI during the year	Impact on account of IND AS 116	Balance as at 31 March 2021 Net deferred tax asset/(liabilities)
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act.	(633.67)	(37.79)	-	-	(671.46)
Provision for employee benefits	57.69	(3.42)	6.59	-	60.86
Security deposit	2.12	(1.06)	-	-	1.06
Allowance for credit losses	4.58	-	-	-	4.58
On fair valuation of quoted investments	(0.89)	(0.51)	-	-	(1.40)
On fair valuation of Prepaid Rent	-	-	-	-	-
Others	9.66	(7.07)	-	-	2.59
Derivative contracts	5.01	(14.71)	-	-	(9.70)
Right of use assets, net of lease liabilities (Ind AS 116)	7.31	1.50	-	-	8.81
Exchange difference on foreign operations	-	-	(13.32)		(13.32)
On Intangibles	(4.08)	4.08	-	-	-
Total	**(552.27)**	**(58.98)**	**(6.73)**	**-**	**(617.98)**

Particulars	Balance as at 1 April 2019 Net deferred tax asset/(liabilities)	Recognised in profit and loss during the year	Recognised in OCI during the year	Impact on account of IND AS 116	Balance as at 31 March 2020 Net deferred tax asset/(liabilities)
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act	(769.88)	136.21	-	-	(633.67)
Provision for employee benefits	50.91	3.41	3.37	-	57.69
Security deposit	3.17	(1.05)	-	-	2.12
Allowance for credit losses	8.78	(4.20)	-	-	4.58
On fair valuation of quoted investments	(1.86)	0.97	-	-	(0.89)
On fair valuation of Prepaid Rent	(2.83)	2.83	-	-	-
Others	0.26	9.40	-	-	9.66
Derivative contracts	-	5.01	-	-	5.01
Right of use assets, net of lease liabilities (Ind AS 116)	-	(0.71)	-	8.02	7.31
On Intangibles	(5.11)	1.03	-	-	(4.08)
Total	**(716.56)**	**152.90**	**3.37**	**8.02**	**(552.27)**

E. Amendment to Ind AS 12 Income Taxes: Appendix C - Uncertainty over Income Tax Treatments

This Appendix addresses how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment Based on the evaluation carried out on the outstanding litigations (Refer Note 35), the Company has determined that there will not be any significant impact on the financial statements on account of this Appendix

38 Related parties disclosures

A. Significant Shareholders
Client Ebene Limited
CVCIGPII Employee Ebene Limited

B. Trust in which the Director is a trustee
Sansera Foundation

C. Key managerial personnel
S Sekhar Vasan - Chairman and Managing Director
F R Singhvi - Joint Managing Director (With effect from 6 August 2019)
Unni Rajagopal - Director (upto 6 August 2019)
B R Preetham - Chief Executive Officer
Vikas Goel - Chief Financial Officer (With effect from 6 August 2019)
Rajesh Kumar Modi - Company Secretary (With effect from 6 February 2019)
Muthuswamy Lakshminarayan - Independent Director
Revathy Ashok - Independent Director
Bilaine Sylvain - Independent Director

D. Close member of key managerial personnel's family
Lalitha Singhvi
Praveen Singhvi
Lata Singhvi
Jayaraj Singhvi
Tara Singhvi
Indira Singhvi

E. The following is the summary of related party transactions

(Amount in ₹ millions)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Expenditure towards Corporate Social Responsibility (CSR)		
Sansera Foundation	20.32	27.50
IPO expenses incurred (to be reimbursed by the shareholders)		
S. Sekhar Vasan	-	0.84
Lalitha Singhvi	-	0.02
Praveen Singhvi	-	0.04
Lata Singhvi	-	0.04
Jayaraj Singhvi	-	0.04
Tara Singhvi	-	0.04
Indira Singhvi	-	0.04
Unni Rajagopal	-	0.23
Devappa Devaraj	-	0.19
Devappa Devaraj on behalf of D. Devaraj HUF	-	0.04
Client Ebene Limited	-	3.55
CVCIGP II Employee Ebene Limited	-	1.99
Managerial Remuneration*		
S Sekhar Vasan	7.45	14.89
F R Singhvi	7.45	14.73
B R Preetham	11.47	13.21
Vikas Goel	11.80	9.54
Rajesh Kumar Modi	3.46	3.57
Muthuswamy Lakshminarayan	0.60	1.20
Revathy Ashok	0.60	1.20
Bilaine Sylvain	0.53	1.20
Sitting fees		
Muthuswamy Lakshminarayan	0.11	0.13
Revathy Ashok	0.16	0.21
Bilaine Sylvain	0.15	0.14
Reimbursement of expenses		
Bilaine Sylvain	-	0.04

* Excludes contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

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38 Related parties disclosures (continued) **(Amount in ₹ millions)**

F. The balances receivable from and payable to related parties are:

Particulars	As at 31 March 2021	As at 31 March 2020
IPO expenses recoverable from shareholders*		
S. Sekhar Vasan	11.24	11.24
Lalitha Singhvi	0.33	0.33
Praveen Singhvi	0.56	0.56
Lata Singhvi	0.56	0.56
Jayaraj Singhvi	0.56	0.56
Tara Singhvi	0.56	0.56
Indira Singhvi	0.56	0.56
Unni Rajagopal	3.12	3.12
Devappa Devaraj	2.51	2.51
Devappa Devaraj on behalf of D. Devaraj HUF	0.61	0.61
Client Ebene Limited	47.18	47.18
CVCIGP II Employee Ebene Limited	26.42	26.42
Loan to key managerial personnel		
B R Preetham	3.88	3.88
Payable to Directors		
S. Sekhar Vasan	12.87	10.83
F R Singhvi	1.94	2.25

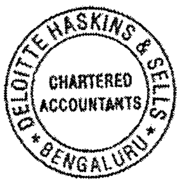
* The management of the Company, vide its board resolution dated June 11, 2018, decided to list the Company through "offer for sale of securities by certain shareholders".

In accordance with the plan, the Company had filed its DRHP on August 10, 2018. However due to downturn in the Automotive industry and the consequent pandemic resulted in the Company deferring the plan of its listing till 31 March 2022. The DRHP filed got expired on November 12, 2019.

For the purpose of IPO, during the current financial year, the Company has incurred a cost of Nil (31 Mar 2020: ₹ 7.06 million) and cost incurred till date is ₹ 94.21 million (31 Mar 2020: ₹ 94.21 million). As per the arrangement with the related Shareholders, the aforesaid expenditure is required to be borne by the respective Shareholders. The Company accordingly has obtained a confirmation from the respective Shareholders and has shown these amounts as recoverable from them.

There has been no instance of provision , write off and write back of the cost incurred by Group.

Terms and conditions:
All transactions with these related parties are at arm's length basis and none of the balances are secured.



(Amount in ₹ millions)

39 Employee benefit plans

A Defined contribution plan

The Group has defined contribution plan. Contributions are made to the Provident fund for employees at the specified rate of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
-Employer contribution to Provident fund, including admin charges	63.51	68.26
-Employer contribution to Employee state insurance scheme	10.44	13.18
-Employer contribution to Labour Welfare Fund	2.01	0.83

B Defined benefit plans

The Group sponsors funded defined benefit plans for qualifying employees. The defined benefit plans are administered by a separate Fund that is legally separated from the entity. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement (Age of 58 years) or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Group makes annual contribution to the Fund.

The following table sets out the status of the gratuity plan as required under Ind AS 19 "Employee benefits":

a) Reconciliation of present value of defined benefit obligation

Particulars	As at 31 March 2021	As at 31 March 2020
Defined benefit obligation at the beginning of the year	293.57	241.61
Current service cost	29.37	20.59
Current interest cost	19.79	18.65
Benefits paid	(9.02)	(5.98)
Past service cost	-	5.90
Actuarial (gains)/ losses recognised in other comprehensive income		
Changes in demographic assumptions	-	(0.11)
Changes in financial assumptions	-	12.00
Experience adjustments	23.66	0.92
Defined benefit obligation at the end of the year	**357.37**	**293.57**

b) Reconciliation of present value of plan assets

Particulars	As at 31 March 2021	As at 31 March 2020
Plan assets at the beginning of the year	145.97	139.66
Contribution paid into the plan	32.47	-
Benefits paid	(6.28)	(4.13)
Interest income	9.37	10.78
Return on plan assets recognised in other comprehensive income	(2.74)	(0.35)
Plan assets at the end of the year	**178.79**	**145.97**
Net defined benefit liability (a-b)	**178.58**	**147.60**
Non-current	151.83	126.89
Current	26.75	20.71
Total	**178.58**	**147.60**

c) Expense recognised in the consolidated statement of profit and loss

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current service cost	29.37	20.59
Interest cost	19.79	18.65
Interest income	(9.37)	(10.78)
Past service cost	-	5.90
Total	**39.79**	**34.36**

d) Remeasurements recognised in Other Comprehensive Income (OCI)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Actuarial loss on account of experience adjustments	23.20	0.92
Actuarial (gain)/loss arising from change in demographic assumptions	-	(0.11)
Actuarial (gain)/loss arising from change in financial assumptions	-	12.00
Return on plan assets recognised in other comprehensive income	2.74	0.35
Total	**25.94**	**13.16**

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39 Defined contribution plan (Continue)

e) Actuarial assumptions

The following table sets out the status of the Gratuity scheme and the amount recognised in the financial statements as per the Actuarial Valuation done by an Independent Actuary. These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

In respect of the above plans, the most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at 31 March 2021 by an independent member firm of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Discount rate	6.75%	6.75%
Salary increase**	4%-5%	4%-5% *
Mortality Rate	100% of IALM 2012-14	100% of IALM 2012-14
Retirement age	58 years	58 years
Withdrawal Rate	4.00%	4.00%

* Salary increment for the financial year ended 31 March 2021 was considered as 0% due to COVID-19 effect.
**The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

f) Sensitivity Analysis **(Amount in ₹ millions)**

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

Particulars	For the year ended 31 March 2021		For the year ended 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	325.42	(394.32)	266.51	(324.96)
Future salary growth (1% movement)	394.64	(324.61)	324.40	(266.18)
Withdrawal rate (1% movement)	362.38	(351.57)	298.05	(288.33)

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

The expected future contribution and estimated future benefit payments from the fund areas follows:

(Amount in ₹ millions)

Expected cash flows over the next (valued on undiscounted basis):	For the year ended 31 March 2021	For the year ended 31 March 2020
1 year	26.75	20.71
2 to 5 years	93.28	79.91
6 to 10 years	153.07	125.29
More than 10 years	472.11	424.65

g) Asset liability matching strategies

The Group has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity liability occurring during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

h) The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the group. Any deficit in the assets arising as a result of such valuation is funded by the Company.

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40 Employee stock options

The Company has a share option scheme for the permanent employees of the Company and its subsidiaries. In accordance with the terms of the plan, as approved by shareholders, permanent employees may be granted options to purchase equity shares.

Each employee share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry as per ESOP Schemes.

On 12 March 2015, the Board of Directors of the company approved "Sansera Employee Stock Option Plan 2015" ("the Plan") for grant of stock options to the employees of the Group which was further ratified by the shareholders on 13 April 2015. The vested options can be exercised by the option holder and the shares can be allotted by the board in the event as specified in the Plan. The plans are as follows:

Program 1: Key management group

Options under this program are granted to certain employees at an exercise price of ₹ 0.14 per option. The entire stock options are completely vested.

The following reconciles the outstanding share options granted under employee share option plan at beginning and at the end of financial year:

Particulars	**As at 31 March 2021**		**As at 31 March 2020**	
	Number of Options	**Weighted average exercise price (in ₹)**	**Number of Options**	**Weighted average exercise price (in ₹)**
Outstanding at the beginning of the year	1,173,775	0.14	1,173,775	0.14
Share split and Bonus issue during the year (Refer note 15(a)(ii)(a))	-	-	-	-
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	**1,173,775**	**0.14**	**1,173,775**	**0.14**
Vested at the end of the year	**1,173,775**	**0.14**	**1,173,775**	**0.14**
Exercisable at the end of the year	-	-	-	-

Program 2: Certain identified employees

Options under this program are granted to certain employees at an exercise price of ₹135.2 per option. Stock options issued carries different vesting years, it ranges from 25 to 100 percent vesting of total options granted by the end of every one year from the grant date. All stock options shall be fully vested by the end of 4 years form the grant date.

The following reconciles the outstanding share options granted under employee share option plan at beginning and at end of the financial year:

Particulars	**As at 31 March 2021**		**As at 31 March 2020**	
	Number of Options	**Weighted average exercise price (in ₹)**	**Number of Options**	**Weighted average exercise price (in ₹)**
Outstanding at the beginning of the year	1,336,900	135.20	1,336,900	135.20
Share split and Bonus issue during the year (Refer note 15(a)(ii)(a))	-	-	-	-
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Surrendered during the year	148,625	135.20	-	-
Outstanding at the end of the year	**1,188,275**	**135.20**	**1,336,900**	**135.20**
Vested at the end of the year	**1,188,275**	**135.20**	**1,336,900**	**135.20**
Exercisable at the end of the year	-	-	-	-

Measurement of fair values

Black-Scholes Option Pricing Model is used to value the fair value of the stock options. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Particulars	**Share option plans**	
	Program 1: Key Management Group	**Program 2: Certain Identified Employees**
Grant date	29-Apr-15	29-Apr-15
Fair value at grant date	103.39	55.25
Share price at grant date	103.48	103.48
Exercise price	0.14	135.20
Expected volatility (weighted average volatility)	49.20%	49.20%
Expected term (in years)	6.50	6.50
Risk free interest rate	7.90%	7.90%

41 Financial instruments

Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(Amount in ₹ millions)

Particulars	Carrying amount	Fair value		
	31-March-2021	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investment in equity shares	42.51	5.58	-	36.93
Derivative contracts at fair value	38.54	-	38.54	-
	81.05	**5.58**	**38.54**	**36.93**
Financial assets measured at amortised cost				
Other non-current financial assets	298.63	-	-	-
Trade receivables	3,129.83	-	-	-
Cash and cash equivalents	365.00	-	-	-
Bank balances other than cash and cash equivalents above	286.42	-	-	-
Other current financial assets	184.27	-	-	-
	4,264.15	-	-	-
Financial liabilities measured at fair value				
Derivative liability	-	-	-	-
	-	-	-	-
Financial liabilities measured at amortised cost				
Long term borrowings	1,876.52	-	-	-
Short-term borrowings	2,552.32	-	-	-
Lease liabilities	921.16	-	-	-
Trade payables	2,270.46	-	-	-
Other financial liabilities	1,236.67	-	-	-
	8,857.13	-	-	-

(Amount in ₹ millions)

Particulars	Carrying amount	Fair value		
	31-March-2020	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investment in equity shares	40.46	3.53	-	36.93
	40.46	**3.53**	-	**36.93**
Financial assets measured at amortised cost				
Other non-current financial assets	301.91	-	-	-
Trade receivables	2,591.21	-	-	-
Cash and cash equivalents	600.08	-	-	-
Bank balances other than cash and cash equivalents above	116.36	-	-	-
Other current financial assets	236.47	-	-	-
	3,846.03	-	-	-
Financial liabilities measured at fair value				
Derivative contracts at fair value	19.89	-	19.89	-
	19.89	-	**19.89**	-
Financial liabilities measured at amortised cost				
Long term borrowings	1,718.25	-	-	-
Short-term borrowings	3,554.12	-	-	-
Lease liabilities	885.53	-	-	-
Trade payables	1,728.95	-	-	-
Other financial liabilities	1,209.46	-	-	-
	9,096.31	-	-	-

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The derivative contracts are valued using market approach, determined using forward exchange rates as at the balance sheet date.

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The group has not disclosed the fair value of financial instruments such as other non current financial assets, trade receivables, cash and cash equivalents, bank balances, other current financial assets, loans, borrowings, other non current financial liabilities, trade payables and other current financial liabilities because their carrying amounts are a reasonable approximation of fair value.

The majority of our costs and incomes are denominated in local currencies, which is not impacted by currency exchange fluctuations. Some of our contracts with our key export customers may not allow for price adjustments in the event of unfavourable currency exchange rate developments. Our global footprint exposes us to certain currency exchange risks, arising primarily from our foreign currency receivables, import of raw materials and capital goods for our operations, export of goods and our non-Indian rupee denominated borrowings. We hedge significant portion of our net foreign exchange exposure through forward contracts and non-Indian rupee denominated loans.

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42 Financial risk management

The Group is exposed to the following risks arising from financial instruments:
- Credit risk
- Liquidity risk
- Market risk

(i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit risk

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

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. In respect of trade receivables the Group performs credit assessment for customers on an annual basis and recognizes credit risk on the basis of lifetime expected losses

Movement in expected credit loss allowance on trade receivables:

(Amount in ₹ millions)

Particulars	As at 31 March 2021	As at 31 March 2020
Balance as at the beginning of the year	23.61	23.61
Movement in the expected credit loss allowance on trade	-	-
Balance at the end of the year	**23.61**	**23.61**

Security deposits and other Financial assets:

Expected credit loss for security deposits and Other Financial assets is as follows:

Particulars	Year ended	Assets of the Group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount, net of impairment provision
Loss allowance measured at 12 month expected credit loss: Financial assets for which credit risk has not increased significantly since initial recognition	31-Mar-21	Security deposits	284.54	0%	-	284.54
		Other Financial Assets	198.36	0%	-	198.36
	31-Mar-20	Security deposits	267.10	0%	-	267.10
		Other Financial Assets	271.28	0%	-	271.28

Cash and cash equivalents (including bank balances, fixed deposits and margin money with banks):

Credit risk on cash and cash equivalent is limited as the Group generally transacts with banks and others with high credit ratings assigned by international and domestic credit rating agencies.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation

The following are the remaining contractual maturities of financial liabilities at the reporting date The amounts are gross and undiscounted.

(Amount in ₹ millions)

			As at 31 March 2021		
Particulars	**Carrying amount**	**Total**	**Less than 1 year**	**1-2 years**	**Above 2 years**
Long term borrowings including current maturities	2,930.24	2,930.24	1,053.72	808.73	1,067.79
Short-term borrowings	2,552.32	2,552.32	2,552.32	-	-
Trade payables	2,270.46	2,270.46	2,270.46	-	-
Other financial liabilities	182.95	182.95	182.95	-	-
Lease liabilities	921.16	921.16	110.88	107.49	702.79

			As at 31 March 2020		
Particulars	**Carrying amount**	**Total**	**Less than 1 year**	**1-2 years**	**Above 2 years**
Long term borrowings including current maturities	2,813.65	2,813.65	1,095.40	755.87	962.38
Short-term borrowings	3,554.12	3,554.12	3,554.12	-	-
Trade payables	1,728.95	1,728.95	1,728.95	-	-
Other financial liabilities	133.95	133.95	122.91	11.04	-
Lease liabilities	885.53	885.53	96.94	99.07	689.52

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42 Financial risk management (continued)

(iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises interest rate risk and currency rate risk. Financial instruments affected by market risk include loans, borrowings, receivables and payables. The Group's activities expose it to a variety of financial risks, including effects of changes in foreign currency exchange rates and interest rate movement.

(v) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to risk of changes in market interest rates relates primarily to Group's long term debt obligations with floating interest rates.

Exposure to interest rate risk

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows :- **(Amount in ₹ millions)**

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Fixed rate instruments:		
Financial liabilities	466.14	473.87
Variable rate instruments:		
Financial liabilities	5,016.42	5,893.90
Fixed rate instruments exposed to interest rate risks	**5,482.56**	**6,367.77**

Interest rate sensitivity:

Sensitivity analysis for fixed-rate instruments

There is no impact on the profit or loss on account of fixed rate instruments.

Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analysis below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	**Currency**	**Effect on profit before tax**	
		31-Mar-21	**31 March 2020**
Increase of 100 basis points	INR	50.16	58.94
Decrease in 100 basis points	INR	(50.16)	(58.94)

(vi) Foreign currency risk

The Group is exposed to currency risk on certain transactions that are denominated in a currency other than the entity's functional currency, hence exposures to exchange rate fluctuations arise. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Foreign currency (FC) risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments. The information on derivative instruments is as follows.

Particulars	**Currency**	**As at 31 March 2021**		**As at 31 March 2020**	
		Amount in foreign currency in millions	**Amount in ₹ millions**	**Amount in foreign currency in millions**	**Amount in ₹ millions**
Forward contract (to hedge net receivables)	USD	12.36	903.27	10.13	766.11
No. of Contracts		20		30	
Forward contract (to hedge net receivables)	EUR	8.75	750.31	7.23	598.01
No. of Contracts		11		27	
Forward contract (to hedge net receivables)	EURUSD	1.80	154.35	-	-
No. of Contracts		3			
Forward contract (to hedge borrowing)	USD	7.69	561.99	-	-
No. of Contracts		6			
Forward contract (to hedge borrowing)	EURUSD	1.00	85.75	-	-
No. of Contracts		2			

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities when revenue and expense is denominated in a foreign currency

The following table presents foreign currency risk from financial instruments as of:

Particulars	**Currency**	**As at 31 March 2021**		**As at 31 March 2020**	
		Amount in foreign currency in millions	**Amount in ₹ millions**	**Amount in foreign currency in millions**	**Amount in ₹ millions**
Trade receivables	USD	11.63	850.51	10.07	761.60
	EUR	9.54	817.96	7.07	585.05
Cash and cash equivalents	USD	0.22	15.91	0.56	42.68
	EUR	0.42	35.89	1.17	97.19
Trade payables	USD	0.38	27.97	0.23	17.22
	EUR	1.95	167.22	0.48	39.97
	JPY	39.31	25.99	7.77	5.41
	GBP	0.16	16.42	0.01	0.68
	SGD	-	-	0.16	8.64
Borrowings	USD	3.76	275.03	8.56	647.37
	EUR	0.18	15.01	2.15	178.08

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43 Financial risk management (continued)

(vi) Foreign currency risk (continued)

Sensitivity analysis

(Amount in ₹ millions)

Particulars	Percentage movement	Effect on profit before tax		Effect on equity	
		Strengthening	Weakening	Strengthening	Weakening
31 March 2021					
USD	3%	16.90	(16.90)	12.65	(12.65)
EURO	3%	20.15	(20.15)	15.08	(15.08)
JPY	5%	(1.30)	1.30	(0.97)	0.97
GBP	7%	(1.15)	1.15	(0.86)	0.86
SGD	2%	-	-	-	-
31 March 2020					
USD	2%	2.79	(2.79)	2.09	(2.09)
EURO	2%	9.28	(9.28)	6.94	(6.94)
JPY	4%	(0.22)	0.22	(0.16)	0.16
GBP	2%	(0.01)	0.01	(0.01)	0.01
SGD	0%	-	-	-	-

44 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital employed.

The Group manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio and implements capital structure improvement plan when necessary.

The Group uses debt ratio as a capital management index and calculates the ratio as net debt divided by total equity. Net debt and total equity are based on the amounts stated in the financial statements.

(Amount in ₹ millions)

Particulars	As at 31 March 2021	As at 31 March 2020
Gross debt*	5,497.49	6,367.77
Less : Cash and cash equivalent and other bank balances	651.42	716.44
Net debt (A)	**4,846.07**	**5,651.33**
Total equity (B)**	**8,887.41**	**7,768.56**
Debt ratio (A / B)	**0.55**	**0.73**

* Gross debt includes long ong term borrowings. short term borrowings , current maturities of long term borrowings and accrued interest .

** Total equity incudes equity share capital, instruments entirely equity in nature and other equity.

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(Amount in ₹ millions)

45 Dues to micro and small enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act') Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021: ₹ 111.39 million (31 March 2020: ₹ 75.83) has been made in the financial statements based on information received and available with the Group. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Group has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at 31 March 2021	As at 31 March 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year: *		
– Principal	110.05	75.00
– Interest	1.34	0.83
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, (the Act) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under the said Act	-	-
The amount of interest accrued and remaining unpaid at the end of each year	1.34	0.83
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.	1.34	0.83

* Includes amount payable to capital creditors amounting to ₹ 25.00 million (31 March 2020: ₹ 8.60 million)

46 Expenditure on corporate social responsibility

As per Section 135 of the Companies Act, 2013, a Group, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Group as per the Act. The funds are allocated to the activities which are specified in Schedule VII of the Companies Act, 2013.

(Amount in ₹ millions)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Gross amount required to be spent by the Group during the year	29.53	29.81
(b) Amount spent during the year on:		
i) Construction/acquisition of any asset	0.31	6.22
ii) On purpose other than (i) above	20.42	23.78
Total	**20.73**	**30.00**
(c) Amount unspent during current financial year	8.80	-

47 Cash flow disclosures

(Amount in ₹ millions)

Reconciliation between opening and closing balances in the consolidated balance sheet for liabilities and financial assets arising from financing activities:

Particulars	Opening balance	Cash flows		Non-cash movements	Closing balance
	1 April 2020	Proceeds	Repayments	Fair value changes	31 March 2021
Long term borrowings	2,813.65	1,099.93	(979.92)	(3.42)	2,930.24
Short-term borrowings*	3,554.12	-	(992.26)	(9.54)	2,552.32
Total liabilities from financing activities	**6,367.77**	**1,099.93**	**(1,972.18)**	**(12.96)**	**5,482.56**

* Short term borrowings are disclosed net of proceeds

48 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group is in the business of manufacture and sale of automobile components, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The entire operations are governed by the same set of risk and returns. Accordingly, these operations represent a single segment. The revenues, total expenses and net profit as per the consolidated statement of profit and loss represents the revenue, total expenses and the net profit of the sole reportable segment.

(i) Geographical information

Geographic segmentation is based on business sourced from specific geographic regions. Other foreign countries comprises all other places except India, Europe and USA.

(Amount in ₹ millions)

(a) Revenue from operations

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
India	10,173.04	10,253.33
Europe	3,753.41	3,308.47
USA	1,102.69	720.42
Other foreign countries	463.57	289.48
Total	**15,492.71**	**14,571.70**

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48 Segment reporting (continued) (Amount in ₹ millions)

(b) Non current assets

Particulars	As at 31 March 2021	As at 31 March 2020
India	10,815.83	10,373.42
Other foreign countries	1,283.04	1,158.25
Total	**12,098.87**	**11,531.67**
Reconciling items:		
Income tax assets	27.14	29.30
Other non-current financial assets	335.56	338.84
Total non current assets	**12,461.57**	**11,899.81**

49 Impairment

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at each entity level, which is represented as separated CGU's.

The carrying value of goodwill, entity wise is as follows: (Amount in ₹ millions)

Entity acquired	As at 31 March 2021	As at 31 March 2020
Fitwel Tools and Forgings Private Limited ('Fitwel')	146.72	146.72
Sansera Sweden AB ('Sansera Sweden')	176.92	177.49
Exchange differences on translation of foreign operations	34.73	(0.57)
	211.65	176.92
Total carrying value	**358.37**	**323.64**

The recoverable amount of a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. For the purpose of impairment test, fair value of a CGU is determined based on the market capitalization and the value in use is determined based on specific calculations. The recoverable amount of all CGU's has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and an average of the range of each assumption mentioned below:

(Amount in ₹ millions)

Particulars	As at 31 March 2021	As at 31 March 2020
Discount rate*	12% - 15%	12%-15%
Terminal growth rate **	2% - 4%	2% - 4%
Operating margins	4%/9% - 13%/16%	4%/9% - 13%/16%

*These discount rate(s) are based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

** The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make

The Group does its impairment evaluation on an annual basis and as of March 31, 2021, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered. The Group has performed sensitivity analysis for all key assumptions, including the cash flow projections, consequent to the change in estimated future economic conditions arising from the possible effects due to COVID-19 and is unlikely to cause the carrying amount of the CGU exceed its estimated recoverable amount.

As of 31 March 2021, the estimated recoverable amount of each of the CGU's exceeded its carrying amount by ₹ 571.17 million (Fitwel Tools and Forgings Private Limited) and ₹ 953.85 million (Sansera Sweden AB), hence impairment is not triggered. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

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50 Additional Information pursuant to paragraph 2 of division II of Schedule III to Companies Act, 2013 General Instruction for preparation of consolidated Ind AS financial statements.

(Amount in ₹ millions)

Name of the Entity	As at/for the year ended 31 March 2021							
	Net Assets		Share in profit/(loss)		Share in other comprehensive		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated loss	Amount	As % of consolidated (OCI)	Amount	As % of consolidated total comprehensive loss	Amount
Parent								
Sansera Engineering Limited	99.85%	8,874.37	89.10%	978.80	(86.81)%	(17.58)	85.91%	961.22
Subsidiary								
Sansera Sweden AB	0.95 %	84.85	5.12 %	56.20	0.00 %	0.00	5.02 %	56.20
Sansera Engineering Pvt Ltd, Mauritius	10.28 %	913.42	0.43%	4.75	0.00 %	0.00	0.42%	4.75
Fitwel Tools and Forgings Private Limited	3.95 %	350.80	5.69 %	62.48	(8.74)%	(1.77)	5.43 %	60.71
Non-controlling interest	1.18 %	104.99	1.71 %	18.74	(2.62)%	(0.53)	0.02	18.21
Elimination on account of Consolidation	(16.21)%	(1,441.02)	(2.04)%	(22.37)	198.18 %	40.13	1.59 %	17.76
Consolidated net assets/loss after tax	**100.00%**	**8,887.41**	**100.00%**	**1,098.60**	**100.00%**	**20.25**	**100.00%**	**1,118.85**

(Amount in ₹ millions)

Name of the Entity	As at/for the year ended 31 March 2020							
	Net Assets		Share in profit/(loss)		Share in other comprehensive income (OCI)		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated loss	Amount	As % of consolidated (OCI)	Amount	As % of consolidated total comprehensive loss	Amount
Parent								
Sansera Engineering Limited	101.86%	7,913.16	102.42%	821.74	(32.93)%	(8.01)	98.43%	813.73
Subsidiary								
Sansera Sweden AB	(0.09)%	(7.31)	(1.31)%	(10.49)	0.00%	0.00	(1.27)%	(10.49)
Sansera Engineering Pvt Ltd, Mauritius	12.09 %	938.90	1.02%	8.21	0.00%	0.00	0.99%	8.21
Fitwel Tools and Forgings Private Limited	3.73 %	290.10	(1.68)%	(13.50)	(7.32)%	(1.78)	(1.85)%	(15.28)
Non-controlling interest	1.12 %	86.78	(0.50)%	(4.05)	(2.20)%	(0.53)	(0.55)%	(4.58)
Elimination on account of Consolidation	(18.70)%	(1,453.07)	0.06 %	0.45	142.44%	34.65	4.25 %	35.10
Consolidated net assets/loss after tax	**100.00%**	**7,768.56**	**100.00%**	**802.35**	**100.00%**	**24.33**	**100.00%**	**826.68**

Interest in other entities

Subsidiary companies:

The consolidated Ind AS financial statements of the Group includes subsidiary companies listed in the table below:

Name of the entity	Country of incorporation	Ownership interest held by the group (%)	Ownership interest held by non-controlling interest (%)	Ownership interest held by the group (%)	Ownership interest held by non-controlling interest (%)
		31 March 2021		31 March 2020	
Sansera Sweden AB	Sweden	100%	-	100%	-
Sansera Engineering Pvt Ltd, Mauritius	Mauritius	100%	-	100%	-
Fitwel Tools and Forgings Private Limited	India	70%	30%	70%	30%

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51 World Health Organization (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, the Government of India declared lockdown on March 23, 2020 and the Group temporarily suspended the operations in its manufacturing facilities in India in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has impacted the normal business operations of the Group by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities etc. during the lock-down period, which was extended till mid May 2020.

After resuming operations, the demand in the served markets has recovered sharply and coupled with the Group's product expansion initiatives, the Group was able to register net revenue growth despite a degrowth in the automotive sector. With current visibility of additional business from new customers / products, the Group should continue to outperform the broader industry.

As of 31 March 2021, the Group's balance sheet has been strengthened, with reduction in borrowings against the year ended 31 March 2020. The Group has also generated sequentially higher operating cash flows during the year ended 31st March 2021 and expects to continue the same in future years. The management believes the Group will be able to continue to generate sufficient cash flows and its ability to use unutilised bank limits will help meet its obligations as and when these fall due.

Furthermore, the Group's Management believes that, it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdowns in the preparation of the financial statements including but not limited to its assessment of Group's liquidity and going concern, recoverable values of its property, plant and equipment, intangible assets, investments, goodwill, inventory and the net realisable values of other assets. However, given the effect of these lockdowns on the overall economic activity and in particular on the automobile industry, the impact assessment of COVID-19 on the abovementioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these consolidated financial statements. The Group will continue to monitor any material changes to future economic conditions and consequential impact on its consolidated financial statements.

52 The new Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Group towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified. The Ministry of Labour and Employment (Ministry) has released draft rules for the Code on November 13, 2020 and has invited suggestions from stake holders which are under active consideration by the Ministry. The Group will complete its evaluation and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules are published.

for Sansera Engineering Limited
CIN: U34103KA1981PTC004542

S Sekhar Vasan
Managing Director
DIN: 00361245

F.R Singhvi
Joint Managing Director
DIN: 00233146

B R Preetham
Chief Executive Officer

Vikas Goel
Chief Financial Officer

Rajesh Kumar Modi
Company Secretary

Place: Bengaluru
Date: 19 April 2021

Place: Bengaluru
Date: 19 April 2021

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