

Independent Auditors' Report

To the Members of Ideaforge Technology Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ideaforge Technology Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, the statement of profit and loss and cash flow statement for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, its loss and its cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

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

Independent Auditors' Report (*Continued*)

Ideaforge Technology Private Limited

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditors' Report (*Continued*)

Ideaforge Technology Private Limited

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the balance sheet, the statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;
 - e) on the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - f) the Company is exempted from the requirements of its auditor reporting on whether the Company has adequate internal financial controls with reference to the financial statements and the operating effectiveness of such controls (clause (i) of Section 143(3) of the Act).

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

Report on Other Legal and Regulatory Requirements

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

- i. the Company has disclosed the impact of pending litigations as at 31 March 20 on its financial position in its financial statements – Refer note 30.01 to the financial statements;
- ii. the Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses – Refer Note 10 to the financial statements;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
- iv. the disclosures regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

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

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

For **B S R & Co. LLP**

Chartered Accountants

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

Mansi Pardiwalla

Partner

Membership No: 108511

UDIN: 20108511AAAAJH3059

Mumbai
09 December 2020

Ideaforge Technology Private Limited

Annexure A to the Independent Auditors' Report – 31 March 2020

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report the following:

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

Ideaforge Technology Private Limited

Annexure A to the Independent Auditors' Report – 31 March 2020 (Continued)

- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services tax, Cess, Duty of customs, Employees' State Insurance, Professional tax, and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. Amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Income-tax and Provident fund have generally been regularly deposited during the year by the Company with the appropriate authorities, though there have been slight delays in one case.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Cess, Goods and Services tax, Duty of customs, Professional tax, Employees' State Insurance, Provident fund and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax, Goods and Services tax and Duty of customs as at 31 March 2020, which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the Statute	Nature of the Dues	Amount (net of deposit paid) (Rs)*	Year pertaining to	Forum where dispute is pending
Income Tax Act, 1961	Income tax	33,694,942	AY 2017-18	Commissioner of Income tax (Appelas)

*Rs 1,530,000 is paid under protest

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

Ideaforge Technology Private Limited

Annexure A to the Independent Auditors' Report – 31 March 2020 (Continued)

- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act. Further the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, paragraph 3 (xiii) of the Order is not applicable to the Company.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made private placement of equity shares during the year in compliance with the requirements of Section 42 of the Act. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised. Further, during the year ended 31 March 2018, the Company had made a private placement of compulsory convertible preference shares in compliance with the requirements of Section 42 of the Act. Of the total monies aggregating Rs 695,993,670 raised in the year ended 31 March 2018, a sum of Rs 341,234,872 was utilised by the Company for the purpose for which it was raised till previous year, a sum of Rs 202,937,885 has been utilised by the Company for the purpose for which it was raised in the current year and the balance funds aggregating to Rs 151,820,913 remains unutilised by the Company for the purpose for which they were raised as at end of the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP

Chartered Accountants

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

Mansi Pardiwalla

Partner

Membership No: 108511

UDIN: 20108511AAAAJH3059

Mumbai
09 December 2020

Ideaforge Technology Private Limited

Balance Sheet

as at 31 March 2020

(Currency : Indian Rupees)

	Note	31 March 2020	31 March 2019
Equity and liabilities			
Shareholder's funds			
Share capital	3	1,269,178	1,268,078
Reserves and surplus	4	683,473,026	811,845,785
		684,742,204	813,113,863
Non-current liabilities			
Long-term borrowings	5	569,857	876,122
Other long-term liabilities	6	1,089,300	1,097,000
Long-term provisions	7	10,982,185	8,059,644
		12,641,342	10,032,766
Current liabilities			
Short-term borrowings	8	52,128,721	-
Trade payables	9		
- total outstanding dues of micro enterprises and small enterprises; and		2,413,524	723,748
- total outstanding dues of creditors other than micro enterprises and small enterprises		5,818,377	19,067,447
Other current liabilities	10	23,296,739	53,565,580
Short-term provisions	11	7,484,598	4,877,019
		91,141,959	78,233,794
TOTAL		788,525,505	901,380,423
Assets			
Non-Current Assets			
Property, plant and equipment			
Tangible assets	12(a)	13,474,566	19,501,153
Intangible assets	12(b)	22,465,591	20,854,075
Intangible assets under development	12(b)	168,355,613	91,021,112
Deferred tax assets (net)	13	-	-
Long-term loans and advances	14	16,643,366	11,428,670
Other non-current assets	15	93,190,637	86,766,794
		314,129,773	229,571,804
Current Assets			
Current investments	16	119,037,601	240,539,604
Inventories	17	108,548,093	102,455,383
Trade receivables	18	104,268,881	88,143,279
Cash and bank balances	19	85,262,640	193,587,255
Short-term loans and advances	20	46,631,569	38,024,544
Other current assets	21	10,646,948	9,058,554
		474,395,732	671,808,619
TOTAL		788,525,505	901,380,423

Significant accounting policies

1-2

Notes to the financial statements

3-30

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

As per our report of even date attached.

For **BSR & Co. LLP**

Chartered Accountants

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

For and on behalf of the Board of Directors of

Ideaforge Technology Private Limited

CIN : U31401MH2007PTC167669

Mansi Pardiwalla

Partner

Membership No: 108511

Mumbai

Rahul Singh

Whole Time Director

DIN: 02106568

Mumbai

Ankit Mehta

Whole Time Director

DIN: 02108289

Mumbai

Ideaforge Technology Private Limited

Statement of Profit and Loss

for year ended 31 March 2020

(Currency : Indian Rupees)

	<i>Note</i>	31 March 2020	31 March 2019
Income			
Revenue from operations	22	140,950,002	181,999,729
Other income	23	23,066,153	37,422,566
Total income		164,016,155	219,422,295
Expenses			
Cost of materials consumed	24	76,844,638	76,254,121
Changes in inventory of finished goods and work-in-progress	25	(11,566,956)	(21,526,205)
Employee benefits expense	26	129,903,393	138,048,691
Finance costs	27	2,953,541	8,553,777
Depreciation and amortisation expenses	28	23,074,836	31,078,792
Other expenses	29	78,175,643	80,213,548
Total expenses		299,385,095	312,622,724
(Loss) before tax		(135,368,940)	(93,200,429)
Tax expense / (benefit)			
Current tax		-	-
Deferred tax charge/(credit)		-	9,631,593
		-	9,631,593
(Loss) for the year		(135,368,940)	(102,832,022)
Earnings per equity share (nominal value of INR 10 each, fully paid-up)			
Basic	30.4	(1,527.00)	(1,160.24)
Diluted	30.4	(1,527.00)	(1,160.24)

Significant accounting policies

1-2

Notes to the financial statements

3-30

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

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

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

For and on behalf of the Board of Directors of

Ideaforge Technology Private Limited

CIN : U31401MH2007PTC167669

Mansi Pardiwalla

Partner

Membership No: 108511

Mumbai

Rahul Singh

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Ankit Mehta

Whole Time Director

DIN: 02108289

Mumbai

Ideaforge Technology Private Limited

Cash Flow Statement

for year ended 31 March 2020

(Currency : Indian Rupees)

	31 March 2020	31 March 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(135,368,940)	(93,200,429)
Adjustments for:		
Sundry balances written back	-	(35,326)
Gain on sale of investments	(2,839,121)	(5,639,985)
Interest income on fixed deposits	(12,429,982)	(10,255,812)
Interest income on bonds	-	(6,041,773)
Dividend received on mutual funds	(7,658,641)	(15,377,970)
Sundry balances written off	-	3,777
Provision for lease rent equalisation	(7,700)	331,954
Provision for warranty	1,450,000	-
Employee stock option expense	5,339,703	22,426,266
Depreciation and amortisation expenses	23,074,836	31,078,792
Interest expenses	2,948,243	8,553,777
Operating profit before working capital changes	(125,491,601)	(68,156,729)
Changes in working capital:		
(Increase) / decrease in long term loans and advances	(1,666,312)	3,119,155
(Increase) in trade and other receivables	(16,125,602)	(25,388,680)
(Increase) in inventories	(6,092,710)	(38,987,976)
(Increase) in short-term loans and advances	(8,607,025)	(22,958,634)
Increase in long-term provisions	2,922,541	2,760,679
Decrease / (Increase) in trade payables	(11,559,294)	9,963,300
Decrease / (Increase) in other current liabilities	(2,330,710)	5,733,776
Increase in short-term provisions	1,157,579	1,393,703
	(167,793,134)	(132,521,406)
Taxes paid (Net)	(3,548,394)	(2,055,190)
Net cash flows (used in)/generated from operating activities	(171,341,528)	(134,576,596)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment, intangible assets and expenditure on intangible assets under development	(94,337,788)	(92,010,698)
Dividend received	7,658,650	3,834,516
Proceeds from sale of investment in mutual funds	450,164,966	320,320,897
Purchase of investment in mutual funds	(325,823,851)	-
(Purchase) of investments in fixed deposits (net)	(3,322,219)	(33,696,308)
Interest income	10,841,588	16,407,495
Cash (used in) investing activities (B)	45,181,346	214,855,902
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Share Capital	1,100	-
Repayment of borrowings	(28,215,322)	(47,834,247)
Proceeds from overdraft facility from bank	52,128,721	-
Interest paid on borrowings	(2,977,307)	(8,703,318)
Cash generated from financing activities (C)	20,937,192	(56,537,565)
Net (Decrease)/Increase in cash and cash equivalents [(A)+(B)+(C)]	(105,222,991)	23,741,741
Cash and cash equivalents at the beginning of the year	106,120,707	82,378,966
Cash and cash equivalents at the end of the year* (Refer Note 18)	897,716	106,120,707

Ideaforge Technology Private Limited

Cash flow statement (Continued)

for year ended 31 March 2020

(Currency: Indian rupees)

	31 March 2020	31 March 2019
* Components of Cash and Cash Equivalents		
Cash on hand	245,034	281,696
Balances with banks		
- in current accounts	652,682	105,839,011
- in deposit accounts (with original maturity of 3 months or less)	-	-
	897,716	106,120,707

Notes:

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

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

Particulars	31 March 2020	31 March 2019
Cash and bank balances (Refer Note 19)	85,262,640	193,587,255
Less: Balance with banks - in fixed deposit accounts (with original maturity of more than 3 months but less than 12 months)	84,364,924	87,466,548
Cash and Cash Equivalents as per Cash Flow Statement	897,716	106,120,707

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

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

For and on behalf of the Board of Directors of

Ideaforge Technology Private Limited

CIN : U31401MH2007PTC167669

Mansi Pardiwalla

Partner

Membership No: 108511

Mumbai

Rahul Singh

Whole Time Director

DIN: 02106568

Mumbai

Ankit Mehta

Whole Time Director

DIN: 02108289

Mumbai

Ideaforge Technology Private Limited

Notes to the financial statements

for the year ended 31 March 2020

(Currency: Indian Rupees)

1 Background

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

2 Significant accounting policies

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

2.1 Basis of preparation of financial statements

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

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

2.2 Use of estimates

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

2.3 Current-non current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

All other liabilities are classified as non-current.

Ideaforge Technology Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees)

2 Significant accounting policies (Continued)

2.4 Operating cycle

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

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

2.5 Property, plant and equipment and depreciation

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

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

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

2.6 Intangible assets and amortisation

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

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

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

Intangible assets under development

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

2.7 Impairment of assets

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

2.8 Revenue recognition

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

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

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

Interest income is recognised on the time proportion basis.

2.9 Inventories

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

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

Ideaforge Technology Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees)

2.10 Operating lease

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

2.11 Employee benefits

(a) Short-term benefits

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

(b) Post-employment benefits

(i) Defined contribution plan

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

(ii) Defined benefit plan

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

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

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

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

(ii) Employee stock option schemes

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

2.12 Foreign currency transactions

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

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

2.13 Income taxes

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

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

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

2.14 Earnings per share (EPS)

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

Ideaforge Technology Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian Rupees)

2.15 Provisions, contingent liabilities and contingent assets

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

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

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

2.16 Cash and cash equivalent

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

Ideaforge Technology Private Limited

Notes to financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees)

	31 March 2020	31 March 2019
3 Share capital		
Authorised		
2,25,000 (previous year: 2,25,000) Equity Shares of INR 10 each	2,250,000	2,250,000
75,000 (previous year: 75,000) Preference Shares of INR 10 each	750,000	750,000
	<u>3,000,000</u>	<u>3,000,000</u>
Issued, subscribed and paid-up		
88,630 (previous year: 88,630) equity shares of INR 10 each, fully paid up	886,300	886,300
1,100 (previous year: NIL) equity shares of INR 10 each, partly paid up	1,100	-
328 (previous year: 328) Series A1 0.01% Compulsorily Convertible Cumulative Preference Shares of INR 10 each, 1 fully paid-up.	328	328
38,145 (previous year: 38,145) Series A 0.001% Compulsorily Convertible Cumulative Preference Shares of INR 10 each, fully paid-up.	381,450	381,450
	<u>1,269,178</u>	<u>1,268,078</u>

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

	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
Equity Shares				
Number of equity shares outstanding at the beginning of the year	88,630	886,300	88,630	886,300
Add: Issued during the year (partly paid up)	1,100	1,100	-	-
Number of equity shares outstanding at the end of the year	<u>89,730</u>	<u>887,400</u>	<u>88,630</u>	<u>886,300</u>

	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
Series A1 0.01% Compulsorily convertible cumulative preference shares (CCPS-A1)				
Number of CCPS shares outstanding at the beginning of the year	328	328	328	328
Add: Issued during the year	-	-	-	-
Number of CCPS shares outstanding at the end of the year	<u>328</u>	<u>328</u>	<u>328</u>	<u>328</u>
Series A 0.001% Compulsorily convertible cumulative preference shares (CCPS-A)				
Number of CCPS shares outstanding at the beginning of the year	38,145	381,450	38,145	381,450
Add: Issued during the year	-	-	-	-
Number of CCPS shares outstanding at the end of the year	<u>38,145</u>	<u>381,450</u>	<u>38,145</u>	<u>381,450</u>

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

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

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

Rights, preferences and restrictions attached to preference shares:

Series A1

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

Ideaforge Technology Private Limited

Notes to financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees)

3 Share capital (Continued)

Series A

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

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

Equity shares

Name	31 March 2020		31 March 2019	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Ankit Mehta	16,174	18.03%	16,174	18.25%
Ashish Bhat	15,695	17.49%	15,695	17.71%
Rahul Singh	15,695	17.49%	15,695	17.71%
Sujata Vemuri	9,995	11.14%	11,495	12.97%
Vipul Joshi	6,260	6.98%	6,260	7.06%

Preference shares series A1

Name	31 March 2020		31 March 2019	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Trifecta Venture Debt Fund I	328	100%	328	100%

Preference shares series A

Name	31 March 2020		31 March 2019	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
WRV II Mauritius	16,323	42.79%	16,323	42.79%
Indusage Technology Venture Fund I	9,075	23.79%	9,075	23.79%
Infosys Limited	5,402	14.16%	5,402	14.16%
Qualcomm Asia Pacific PTE Limited	5,402	14.16%	5,402	14.16%
WRV B-II Mauritius	1,943	5.09%	1,943	5.09%

(d) Employee stock options

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

(e) Shares reserved for issue under options

	31 March 2020		31 March 2019	
	Number of Shares	Amount	Number of Shares	Amount
For compulsorily convertible cumulative preference shares (CCPS-A1): 328 equity shares of INR 10 each (also refer to rights, preferences and restrictions attached to preference shares)	328	3,280	328	3,280
For compulsorily convertible cumulative preference shares (CCPS-A): 38,145 equity shares of INR 10 each (also refer to rights, preferences and restrictions attached to preference shares)	38,145	381,450	38,145	381,450
Under Employee Stock Option Scheme, 2020: 9,500 (previous year: 2,482) equity shares of INR 10, at an excise price of INR 10 each	9,500	95,000	2,482	24,820

Ideaforge Technology Private Limited

Notes to financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees)

	31 March 2020	31 March 2019
4 Reserve and surplus		
Securities premium		
Balance as at the beginning of the year	890,123,131	890,123,131
Closing balance as at the end of the year	<u>890,123,131</u>	<u>890,123,131</u>
Debenture redemption reserve (refer note b)		
Balance as at the beginning of the year	5,000,000	5,000,000
Add: Amount transferred from surplus	-	-
Closing balance as at the end of the year	<u>5,000,000</u>	<u>5,000,000</u>
Surplus (refer note c)		
Balance as at the beginning of the year	(105,703,612)	(2,871,590)
Add: (Loss) for the year	(135,368,940)	(102,832,022)
Closing balance as at the end of the year	<u>(241,072,552)</u>	<u>(105,703,612)</u>
Employee stock option reserve (refer note d)		
Balance as at the beginning of the year	22,426,266	-
Employee compensation expense for the year	6,996,181	22,426,266
Transferred to securities premium account/share capital on exercise of stock option	-	-
Closing balance as at the end of the year	<u>29,422,447</u>	<u>22,426,266</u>
Total	<u>683,473,026</u>	<u>811,845,785</u>
(a) Securities premium account		
Securities premium account represents securities premium received on issue of shares and has been utilised for writing of share issue expenses in accordance with the provisions of Section 52 of Companies Act, 2013.		
(b) Debenture redemption reserve		
The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), requires the Company to create Debenture Redemption Reserve out of profits of the Company available for payment of dividend.		
(c) Surplus		
Surplus are the profits / losses that the Company has earned / incurred till date, less any transfers to general reserve, debenture redemption reserve, dividends or other distributions paid to shareholders.		
(d) Employee Stock Option Scheme		
The Company's Board of Directors had passed a resolution in the board meeting dated 27 February 2017 authorising the Company for implementation of Employees Stock Option Scheme. This scheme has been implemented on 2 May 2018.		
5 Long-term borrowings		
Term loans (Secured)		
From Banks [Refer Note (a) below]	569,857	876,112
	<u>569,857</u>	<u>876,112</u>
Note (a)		
Vehicle loan from ICICI Bank is secured by vehicle, carrying interest rate of 8.25% per annum. The loan is repayable in 59 equal installments commencing from January 2018.		
6 Other long-term liabilities		
Liability towards lease rent equalisation	1,089,300	1,097,000
	<u>1,089,300</u>	<u>1,097,000</u>
7 Long term-provisions		
Provision for employee benefits		
Provision for gratuity	10,982,185	8,059,644
	<u>10,982,185</u>	<u>8,059,644</u>

Ideaforge Technology Private Limited

Notes to financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees)

	31 March 2020	31 March 2019
8 Short term-borrowings		
Secured		
Loan repayable on demand*		
- Overdraft facilities from bank	52,128,721	-
	<u>52,128,721</u>	<u>-</u>

*Overdraft facility taken from RBL Bank Limited and carries interest based prevalent base rate plus margin on actual amount utilised and the same is repayable on demand. The overdraft facility is secured by promoters guarantee and stock.

9 Trade payables

Total outstanding dues of micro enterprises and small enterprises {Refer Note 30.9}	2,413,524	723,748
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,818,377	19,067,447
	<u>8,231,901</u>	<u>19,791,195</u>
	31 March 2020	31 March 2019

10 Other current liabilities

Current maturities of long-term debt		
- Secured debentures [Refer Note (a) below]	-	16,875,000
- From Banks* [Refer Note (b) below]	306,260	9,459,081
- From Non banking financial companies [Refer Note (c) below]	-	1,881,246
Interest accrued but not due on borrowings	6,023	35,087
Employee benefits payable	18,032,225	17,506,644
Statutory dues payables	2,734,999	6,252,546
Advance from customers	2,016,868	1,326,073
Other payables	200,364	229,903
	<u>23,296,739</u>	<u>53,565,580</u>

* For security and repayment terms, refer note 5

Note (a)

Unlisted 16% secured redeemable non convertible debentures are issued to Trifecta Venture Debt Fund I, the same are repayable within 36 months from the date of allotment as per the securities subscription agreement. There is a moratorium period of 4 months for principal repayment. These debentures are secured against the personal guarantee of the promoters and a pari passu first charge over book debts, inventories, movable assets, others assets acquired by the Company. This loan has been fully paid during this financial year.

Note (b)

Working capital term loan from RBL bank limited bearing interest rate of 13% p.a is secured by hypothecation of book debts, inventories, movable assets and other current assets repayable in 36 monthly installment commencing from December 2016 . Additionally 4,805 shares of the Directors/KMP's are pledged as security. This loan has been fully paid during this financial year.

Note (c)

Working capital loans from Jain Sons Finance Limited and Capital First Limited is repayable in 24-36 and are at fixed rate of interest at 18% to 21 % p.a. These loans have been fully paid during this financial year.

Ideaforge Technology Private Limited

Notes to financial statements (*Continued*)

as at 31 March 2020

(Currency : Indian Rupees)

	31 March 2020	31 March 2019
11 Short-term provisions		
Provision for employee benefits		
Provision for gratuity	1,260,719	760,721
Provision for compensated absences	4,473,879	3,816,298
Others		
Provision for warranty	1,750,000	300,000
	<u>7,484,598</u>	<u>4,877,019</u>

Liquidated damages

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

Additional disclosure relating to provision for liquidated damages

	31 March 2020	31 March 2019
At the commencement of the year	-	2,299,456
Provision made during the year	-	-
Provision utilised during the year	-	(2,299,456)
At the end of the year	<u>-</u>	<u>-</u>

Warranty

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

Additional disclosure relating to provision for warranty

	31 March 2020	31 March 2019
At the commencement of the year	300,000	300,000
Provision made during the year	1,450,000	-
Provision utilised during the year	-	-
At the end of the year	<u>1,750,000</u>	<u>300,000</u>

Ideaforge Technology Private Limited

Notes to financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees)

12 (a) Property, Plant and Equipment

	Gross Block			As at 31 March 2020	Depreciation as at 1 April 2019	Depreciation			Net Block	
	As at 1 April 2019	Additions during the year	Deletions during the year			Depreciation for the year	Accumulated depreciation on disposals	Depreciation as at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Tangible assets										
Plant and Machinery	3,973,698	-	-	3,973,698	1,489,419	449,653	-	1,939,072	2,034,626	2,484,279
Vehicles	2,683,746	-	-	2,683,746	1,576,418	345,818	-	1,922,236	761,510	1,107,328
Computer	10,204,492	1,263,719	-	11,468,211	7,252,946	2,389,397	-	9,642,343	1,825,868	2,951,546
Office Equipments	1,715,875	236,463	-	1,952,338	921,252	402,263	-	1,323,515	628,823	794,623
Electrical Equipments	1,096,520	299,094	-	1,395,614	499,007	191,951	-	690,958	704,656	597,513
Furniture and Fixtures	7,848,774	-	-	7,848,774	3,884,178	1,026,092	-	4,910,270	2,938,504	3,964,596
Leasehold Improvements	12,006,953	20,731	-	12,027,684	4,405,685	3,041,420	-	7,447,105	4,580,579	7,601,268
Total	39,530,058	1,820,007	-	41,350,065	20,028,905	7,846,594	-	27,875,499	13,474,566	19,501,153

	Gross Block			As at 31 March 2019	Depreciation as at 1 April 2018	Depreciation			Net Block	
	As at 1 April 2018	Additions during the year	Deletions during the year			Depreciation for the year	Accumulated depreciation on disposals	Depreciation as at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Tangible assets										
Plant and Machinery	3,468,687	505,011	-	3,973,698	968,390	521,029	-	1,489,419	2,484,279	2,500,297
Vehicles	2,620,966	62,780	-	2,683,746	1,081,913	494,505	-	1,576,418	1,107,328	1,539,053
Computer	6,437,115	3,767,377	-	10,204,492	4,873,634	2,379,312	-	7,252,946	2,951,546	1,563,481
Office Equipments	1,048,786	667,089	-	1,715,875	492,382	428,870	-	921,252	794,623	556,404
Electrical Equipments	655,516	441,004	-	1,096,520	362,093	136,914	-	499,007	597,513	293,423
Furniture and Fixtures	5,950,027	1,898,747	-	7,848,774	2,677,143	1,207,035	-	3,884,178	3,964,596	3,272,884
Leasehold Improvements	10,287,510	1,719,443	-	12,006,953	1,561,735	2,843,950	-	4,405,685	7,601,268	8,725,775
Total	30,468,607	9,061,451	-	39,530,058	12,017,290	8,011,615	-	20,028,905	19,501,153	18,451,317

Ideaforge Technology Private Limited

Notes to financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees)

12 (b) Property, Plant and Equipment

	Gross Block			As at 31 March 2020	As at 1 April 2019	Amortisation		As at 31 March 2020	Net Block	
	As at 1 April 2019	Additions during the year	Deletions during the year			For the year	Accumulated amortisation on disposals		As at 31 March 2020	As at 31 March 2020
Intangible Assets										
Software	5,360,160	3,944,744	-	9,304,904	2,403,096	1,933,646	-	4,336,742	4,968,162	2,957,064
Patent	212,300	414,633	-	626,933	54,363	37,888	-	92,251	534,682	157,937
Product development	98,984,802	12,480,381	-	111,465,183	81,245,728	13,256,708	-	94,502,436	16,962,747	17,739,074
Total	104,557,262	16,839,758	-	121,397,020	83,703,187	15,228,242	-	98,931,429	22,465,591	20,854,075
Patents under development	3,416,860	4,087,884	414,633	7,090,111	-	-	-	-	7,090,111	-
Product under development	87,604,252	86,141,631	12,480,381	161,265,502	-	-	-	-	161,265,502	-
Intangible Assets under development	91,021,112	90,229,515	12,895,014	168,355,613	-	-	-	-	168,355,613	-

	Gross Block			As at 31 March 2019	As at 1 April 2018	Amortisation		As at 31 March 2019	Net Block	
	As at 1 April 2018	Additions during the year	Deletions during the year			For the year	Accumulated amortisation on disposals		As at 31 March 2019	As at 31 March 2019
Intangible Assets										
Software	2,205,886	3,154,274	-	5,360,160	1,818,932	584,164	-	2,403,096	2,957,064	386,954
Patent	-	212,300	-	212,300	-	54,363	-	54,363	157,937	-
Product development	98,984,802	-	-	98,984,802	58,817,078	22,428,650	-	81,245,728	17,739,074	40,167,724
Total	101,190,688	3,366,574	-	104,557,262	60,636,010	23,067,177	-	83,703,187	20,854,075	40,554,678
Patents under development	993,950	2,635,210	212,300	3,416,860	-	-	-	-	3,416,860	-
Product development	10,144,489	77,459,763	-	87,604,252	-	-	-	-	87,604,252	-
Intangible Assets under development	11,138,439	80,094,973	212,300	91,021,112	-	-	-	-	91,021,112	-

Ideaforge Technology Private Limited

Notes to financial statements (Continued)

as at 31 March 2020

(Currency : Indian Rupees)

	31 March 2020	31 March 2019
13 Deferred tax assets		
Deferred tax assets		
Excess of depreciation as per books over Income-tax Act, 1961	7,535,133	6,839,596
Carried forward business loss	32,119,649	23,417,815
Provision for employee benefits	4,346,364	3,285,532
Expenses disallowed under Income-tax Act, 1961	60,060	46,800
Provision for warranty	377,000	-
Rent equalisation reserve	283,218	285,220
Deferred tax assets	<u>44,721,424</u>	<u>33,874,963</u>
Deferred tax assets recognised	<u>-</u>	<u>-</u>
<p>As per the Accounting Standard 22, "Accounting for taxes on income", the Company would have deferred tax assets of INR 44,721,424 (previous year: INR 33,874,963). However, in view of carried forward business losses, the deferred tax assets of INR 44,721,424 (previous year: INR 33,874,963) are not recognised, as they are not considered to be virtually certain of realisation based on current orders in hand.</p>		
14 Long-term loans and advances		
<i>(Unsecured, considered good)</i>		
To parties other than related parties		
Advance tax (net of provision)	9,569,733	7,551,349
Balance with government authorities	1,530,000	-
Security deposits	2,005,000	2,052,179
Earnest money deposit with customers	1,008,480	1,055,010
Prepaid expenses	2,530,153	770,132
	<u>16,643,366</u>	<u>11,428,670</u>
15 Other non current assets		
<i>(Unsecured, considered good)</i>		
To parties other than related parties		
Deposit with original maturity period of more than 12 months	93,190,637	86,766,794
	<u>93,190,637</u>	<u>86,766,794</u>
16 Current investments		
Quoted		
Investment in mutual funds		
1,11,915.311 (previous year: Nil) units of HDFC Money Market Fund, fully paid-up	119,037,601	-
100 (previous year: Nil) units of IIFL Floating rate structure, fully paid-up	-	10,010,000
195 (previous year: Nil) units of IIFL Wealth Finance Limited, fully paid-up	-	19,978,335
2,09,869.193 (previous year: Nil) units of State bank of India, liquid fund, fully paid-up	-	210,551,269
	<u>119,037,601</u>	<u>240,539,604</u>
Market value of quoted investments		
Aggregate book value of quoted investments	119,037,601	240,539,604
Aggregate market value of quoted investments	119,037,601	251,884,643
17 Inventories (Valued at lower of cost and net realisable value)		
Raw materials*	52,765,897	58,240,143
Work-in-progress	2,994,391	6,212,959
Finished goods	52,787,805	38,002,281
	<u>108,548,093</u>	<u>102,455,383</u>

* (Includes goods in transit amounting to INR NIL (Previous year : INR 6,01,623))

Ideaforge Technology Private Limited

Notes to financial statements (*Continued*)

as at 31 March 2020

(Currency : Indian Rupees)

	31 March 2020	31 March 2019
18 Trade receivables		
Receivables outstanding for a period exceeding six months from the date they are due for		
Unsecured, considered good	37,103,672	15,464,920
	<u>37,103,672</u>	<u>15,464,920</u>
Receivables others		
Unsecured, considered good	67,165,209	72,678,359
	<u>67,165,209</u>	<u>72,678,359</u>
Total	<u><u>104,268,881</u></u>	<u><u>88,143,279</u></u>
19 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	245,034	281,696
Balance with banks		
- in Current accounts #	652,682	105,839,011
Other balance with bank:		
Balance with banks - in fixed deposit accounts (with original maturity of more than 3 months)	84,364,924	87,466,548
	<u>85,262,640</u>	<u>193,587,255</u>
	<u><u>85,262,640</u></u>	<u><u>193,587,255</u></u>
# The Company has availed the cash credit facility of INR 6,00,00,000 (Previous year: INR 6,00,00,000) from RBL bearing interest rate of 13% p.a. The same is secured by hypothecation of the entire stock of raw materials, packing materials, semi finished and finished goods and entire book debts. At the year end there was a Credit balance in the account.		
# Long term deposit referred in Note 14 and short term deposits as above are pledged with RBL Bank Limited and Union Bank of India as collateral for issue of performance bank guarantee to the customers. The amount sanctioned by RBL bank Limited is INR 8,00,00,000 (previous year: INR 8,00,00,000)		
20 Short-term loans and advances		
<i>(Unsecured, considered good)</i>		
To other than related parties		
Advances to employees	888,076	1,098,720
Advance for supply of goods and services	2,440,852	3,289,909
Balance with government authorities	39,850,604	27,686,269
Prepaid expenses	1,529,139	2,167,027
Security deposits	1,388,018	2,468,205
Earnest money deposit with customers	505,522	1,231,870
Other loans and advances	29,358	82,544
	<u>46,631,569</u>	<u>38,024,544</u>
	<u><u>46,631,569</u></u>	<u><u>38,024,544</u></u>
21 Other current assets		
<i>(Unsecured, considered good)</i>		
Accrued interest on deposits	10,646,948	9,058,554
	<u>10,646,948</u>	<u>9,058,554</u>
	<u><u>10,646,948</u></u>	<u><u>9,058,554</u></u>

Ideaforge Technology Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees)

	31 March 2020	31 March 2019
22 Revenue from operations		
Sale of Products	119,429,424	168,641,894
Sale of Services	21,520,578	13,357,835
	<u>140,950,002</u>	<u>181,999,729</u>
Sale of Products		
Particulars		
UAVs	110,320,226	163,368,739
Spare items	9,109,198	4,683,155
Sale of dummy UAV	-	590,000
	<u>119,429,424</u>	<u>168,641,894</u>
Sale of Services		
Particulars		
Maintenance services	21,464,578	13,267,835
Training services	56,000	90,000
Others	-	-
	<u>21,520,578</u>	<u>13,357,835</u>
23 Other income		
Interest Income		
-on fixed deposits	12,429,982	10,255,812
-interest on bonds	-	6,041,773
Gain on sale of Investment	2,839,121	5,639,985
Dividend received on Mutual fund	7,658,641	15,377,970
Miscellaneous Income	138,409	107,026
	<u>23,066,153</u>	<u>37,422,566</u>
24 Cost of materials consumed		
Inventory of raw material at the beginning of the year	58,240,143	40,778,372
Add: Purchases of raw material	80,642,026	116,641,637
Less: Capitalised in intangible assets under development	9,271,634	22,925,745
Less: Inventory of raw materials at the end of the year	52,765,897	58,240,143
	<u>76,844,638</u>	<u>76,254,121</u>
25 Changes in inventories of finished goods and work-in-progress		
Inventory of finished goods at the beginning of the year	38,002,281	17,655,650
Inventory of work in progress at the beginning of the year	6,212,959	5,033,385
	<u>44,215,240</u>	<u>22,689,035</u>
Inventory of finished goods at the end of the year	52,787,805	38,002,281
Inventory of work in progress at the end of the year	2,994,391	6,212,959
	<u>55,782,196</u>	<u>44,215,240</u>
(Increase) in Inventories	<u>(11,566,956)</u>	<u>(21,526,205)</u>
26 Employee benefits expense		
Salaries, wages and bonus	184,323,840	156,331,865
Contributions to Provident and Other Statutory Funds	5,415,479	4,539,903
Staff welfare expenses	3,899,678	3,126,062
Employee stock option expense (refer note 30.11)	5,339,703	22,426,266
	<u>198,978,700</u>	<u>186,424,096</u>
Less : Capitalised in intangible assets under development	(69,075,307)	(48,375,405)
	<u>129,903,393</u>	<u>138,048,691</u>

Ideaforge Technology Private Limited

Notes to financial statements (Continued)

for the year ended 31 March 2020

(Currency : Indian Rupees)

	31 March 2020	31 March 2019
27 Finance costs		
Interest expenses	2,953,541	8,553,777
	<u>2,953,541</u>	<u>8,553,777</u>
28 Depreciation and amortisation expense		
Depreciation of tangible assets {Refer Note 12(a)}	7,846,594	8,011,615
Amortisation of intangible assets {Refer Note 12(b)}	15,228,242	23,067,177
	<u>23,074,836</u>	<u>31,078,792</u>
29 Other expenses		
Manufacturing expenses	7,820,211	4,775,038
Rent expense	10,913,625	9,444,579
Less : Capitalised in intangible assets under development	(2,421,762)	(1,494,303)
Electricity Charges	1,968,450	2,861,491
Less : Capitalised in intangible assets under development	(548,381)	(527,114)
Administration and office expenses	9,108,699	7,971,050
Less : Capitalised in intangible assets under development	(115,408)	(78,648)
Bank charges and commission	1,349,886	1,926,690
Marketing and advertising expenses	1,522,337	2,511,880
Logistic expenses	1,409,622	1,928,304
Repairs and maintenance expenses	1,608,645	3,361,383
Software Expenses	2,893,704	2,287,471
Rates and taxes	1,423,787	1,775,093
Manpower recruitment cost	3,127,738	4,213,659
Legal and professional expenses	10,818,715	11,729,362
Travelling and conveyance expenses	18,827,618	21,196,711
Liquidated damages	957,825	784,254
Payment to auditors (Refer Note 30.2)	535,000	400,000
Warranty Expenses	1,450,000	-
Transport Charges	3,068,453	2,601,208
Other expenses	2,456,879	2,545,440
	<u>78,175,643</u>	<u>80,213,548</u>

Ideaforge Technology Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees)

30 Notes to accounts

30.1 Contingent liabilities and capital commitments

Particulars	31 March 2020	31 March 2019
Contingent liabilities		
Preference share dividend on convertible cumulative preference shares	12	8
Demands raised by income tax authorities*	35,224,942	-

* During the year the Assessing officer (AO) while finalizing the assessment for FY 2016-17 has made disallowances of share premium by rejecting the Discounted Cash Flow (DCF) method of valuation of shares and in place of the DCF method, the AO has adopted Net Asset Value (NAV) method and consequently has raised an Income tax demand of INR 35,224,942. Subsequently the Company has filed an appeal with Commissioner of Income Tax (Appeal) against the AO order and filed application for stay of demand. Further the Company has also paid an advance at the time of filing the appeal which is included under Balance with government authorities of INR 1,530,000 (previous year INR Nil). Based on management's internal assessment given the relatively preliminary nature of the litigation, considering various favorable cases in this regards and advise from the Company's consultants, Management is of the view that they have a good case and likelihood that the litigation will go against the Company is remote. However, due to the nature of the case, the Company has disclosed the litigation within the 31 March 2020 yearend financial statements as contingent liability.

30.2 Payment to auditor's (excluding taxes)

Particulars	31 March 2020	31 March 2019
Statutory Audit	500,000	400,000
Out of pocket expenses	-	30,892
	<u>500,000</u>	<u>430,892</u>

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

Defined contribution plans: -

Particulars	31 March 2020	31 March 2019
Company's contribution to defined contribution funds (Provident Fund) has been charged to the statement of profit and loss	4,569,933	3,973,995

Defined benefit plan: -

General description

Gratuity (defined benefit plan)

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

Compensated absences (Short term employment benefits)

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

Ideaforge Technology Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees)

30 Notes to accounts (Continued)

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

Change in the present value of the defined benefit obligation

	31 March 2020	31 March 2019
I Changes in defined benefit obligation		
Liability at the beginning of the year	8,820,365	5,545,428
Interest Cost	820,251	542,184
Current service cost	2,352,778	1,573,721
Past service cost (vested benefit) incurred during the year	-	-
Benefits paid	(555,496)	(43,607)
Benefits payable	-	-
Actuarial (gain) / loss on obligations	805,006	1,202,639
Liability at the end of the year	12,242,904	8,820,365
II Changes in present value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Employer Contributions	-	-
Benefits paid	-	-
Actuarial (gain)/loss on plan assets	-	-
Fair value of plan assets at the end of the year	-	-
Funded status	-	-
III Actual return on plan assets		
Expected return on plan assets	-	-
Actuarial (gain)/loss on plan assets	-	-
Actual return on plan assets	-	-
IV Net liability recognised in the balance sheet		
Liability at the year end	12,242,904	8,820,365
Fairvalue of plan assets at the end of the year	-	-
Amount recognised in the balance sheet	12,242,904	8,820,365
V Expense recognised in the statement of profit and loss		
Current service cost	2,352,778	1,573,721
Interest costs	820,251	542,184
Expected return on plan assets	-	-
Actuarial (gain)/loss	805,006	1,202,639
Past service cost (vested benefit) incurred during the year	-	-
Expense recognised in the statement of profit and loss	3,978,035	3,318,544
VI Balance sheet reconciliation		
Opening net liability	8,820,365	5,545,428
Expense as above	3,978,035	3,318,544
Employers contribution paid	(555,496)	(43,607)
Amount recognised in the balance sheet	12,242,904	8,820,365
VII Actuarial assumptions		
Discount rate	6.65%	7.60%
Expected rate of return on plan assets	-	-
Expected salary increase rate	8.00%	8.00%
Attrition Rate :		
At all age groups	11.00%	11.00%
Mortality rate	IALM (2012-14)	IALM (2012-14)

Ideaforge Technology Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees)

30 Notes to accounts (Continued)

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

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

	2020	2019	2018	2017	2016
VIII Experience adjustments:					
Present value of defined benefit	12,242,904	8,820,365	5,545,428	3,703,112	2,317,112
Fair value of the plan assets	-	-	-	-	-
Deficit in the plan	(12,242,904)	(8,820,365)	(5,545,428)	(3,703,112)	(2,317,112)
Experience adjustments on:					
On plan liability	(92,532)	1,025,144	217,972	320,079	500,958
On plan asset	-	-	-	-	-

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

30.4 Earnings per share

Particulars	31 March 2020	31 March 2019
Net (loss) attributable to equity shareholders (as per the statement of profit and loss)	(135,368,940)	(102,832,022)
Less: Preference Dividend	4	4
Net (loss) attributable to equity shareholders	(135,368,943)	(102,832,026)
Calculation of weighted average number of equity shares for basic / diluted earnings per share		
Number of equity shares at the beginning of the year	88,630	88,630
Equity shares issued during the year	1,100	-
Number of equity shares outstanding at the end of the year	89,730	88,630
Weighted average number of equity shares outstanding at the end of the year for computing basic earning per share (based on the date of issue of share)	88,651	88,630
Weighted average number of equity shares outstanding at the end of the year for computing diluted earning per share (based on the date of issue of share)	127,124	129,298
Basic earnings per share (in rupees) (face value of INR 10 per share)	(1,526.98)	(1,160.24)
Diluted earnings per share (in rupees) (face value of INR 10 per share)*	(1,526.98)	(1,160.24)

* The effect of potential equity shares is anti-dilutive

30.5 Value of import and indigenous purchases

Particulars	31 March 2020	31 March 2019
Imported	44,967,613	84,899,373
Indigenous	35,674,413	31,742,264
	<u>80,642,026</u>	<u>116,641,637</u>

30.6 Value of imports on CIF basis

Particulars	31 March 2020	31 March 2019
Raw material purchase	44,967,613	84,899,373
	<u>44,967,613</u>	<u>84,899,373</u>

30.7 Expenditure in foreign currency (on accrual basis)

Particulars	31 March 2020	31 March 2019
Marketing expenses	-	2,044
Travelling Expenses	524,820	117,445
Hotel and Accommodation	-	14,268
Food Expenses	-	128,095
Commission and Brokerage	-	76,250
	<u>524,820</u>	<u>338,102</u>

Ideaforge Technology Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees)

30 Notes to accounts (Continued)

30.8 Operating leases obligations

The Company has recognised the rent expenses in the financial statements on straight lining basis. Rental expenses under operating leases (including cancellable and non – cancellable) aggregating INR 84.91 lakhs (2019: INR 79.50 lakhs) have been included under “Other Expenses- Rent” under the note 29 in the statement of profit and loss. The future minimum lease payments in respect of noncancellable operating lease as at 31 March 2020 are as follows -

Particulars	31 March 2020	31 March 2019
Not later than one year	9,154,500	8,443,500
Later than one year and not later than five years	4,588,500	13,743,000
Later than five years	-	-
	13,743,000	22,186,500

30.9 Micro and small enterprises

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

	31 March 2020	31 March 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year	2,413,524	723,748
The amount of interest paid by the buyer as per the Micro and small Enterprises Development Act, 2006 (MSMED Act, 2006)	Nil	Nil
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act,2006	Nil	Nil

30.10 Related party disclosures

Key Managerial Persons (KMP's)

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

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

Particulars	31 March 2020	31 March 2019
(A) Transaction during the year		
Salary, wages and bonus		
Mr. Ankit Mehta (Whole Time Director)	4,099,800	4,699,800
Mr. Ashish Bhat (Whole Time Director)	4,099,800	4,699,800
Mr. Rahul Singh (Whole Time Director)	4,099,800	4,699,800
Mr. Vipul Joshi (Chief Operating Officer)	4,099,800	4,699,800
(B) Balance as at year end		
Employee Benefits Payable		
Mr. Ankit Mehta (Whole Time Director)	237,995	174,531
Mr. Ashish Bhat (Whole Time Director)	191,803	268,070
Mr. Rahul Singh (Whole Time Director)	280,692	235,343
Mr. Vipul Joshi (Chief Operating Officer)	224,763	231,483

Unlisted secured debentures are secured against the personal guarantee of the promoters. Outstanding amount of debentures as on 31 March 2020 is

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

Ideaforge Technology Private Limited

Notes to the financial statements (Continued) for the year ended 31 March 2020

(Currency: Indian rupees)

30 Notes to accounts (Continued)

30.11 Employee Stock Option

Description of share-based payment arrangements:

At March 31, 2020, Company had following share-based payment arrangements:

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

Grant date / employees entitled	Number of instruments	Grant Date	Vesting Date							Exercise date							Vesting conditions	Contractual life of options
			1-May-19	1-May-20	1-May-21	1-May-22	1-May-23	-	1-May-29	1-May-30	1-May-31	1-May-32	1-May-33	-				
Tranche 1 May 02, 2018	2,098	2-May-18	1-May-19	1-May-20	1-May-21	1-May-22	1-May-23	-	1-May-29	1-May-30	1-May-31	1-May-32	1-May-33	-	For the Options to vest, the Grantee has to be in employment of the Group on the date of the vesting. The exercise period for Options vested will be ten years from date of vesting subject to the terms and conditions with regards to exercising of options laid down in the Option Grant Letter			
Tranche 2 July 13, 2018	384	13-Jul-18	12-Jul-19	12-Jul-20	12-Jul-21	12-Jul-22	12-Jul-23	-	12-Jul-29	12-Jul-30	12-Jul-31	12-Jul-32	12-Jul-33	-				
Tranche 3 November 26, 2019	164	26-Nov-19	25-Nov-20	25-Nov-21	25-Nov-22	25-Nov-23	25-Nov-24	-	25-Nov-30	25-Nov-31	25-Nov-32	25-Nov-33	25-Nov-34	-				
Tranche 4 February 03, 2020	2,980	3-Feb-20	2-Feb-21	3-May-21	1-Aug-21	23-Jan-23	23-Jan-24	23-Jan-25	2-Feb-31	3-May-31	1-Aug-31	23-Jan-33	23-Jan-34	23-Jan-35				
Tranche 5 February 27, 2020	4,470	27-Feb-20	26-Feb-21	26-Feb-22	26-Feb-23	26-Feb-24	26-Feb-25	-	26-Feb-31	26-Feb-32	26-Feb-33	26-Feb-34	26-Feb-35	-				

Reconciliation of Outstanding share options

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

	March 31, 2020	
	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	-	2,482
Granted during the period	10.00	7,614
Exercised during the period	-	-
Lapsed/ forfeited/surrendered	-	596
Outstanding at the end of the period	10.00	9,500
Exercisable at the end of the period	-	-

Ideaforge Technology Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees)

30 Notes to accounts (Continued)

30.11 Employee Stock Option (Continued)

Measurement of Fair value (Continued)

	Unit	Tranche 5- March 31, 2020					Description of inputs used
		Vesting date					
		26-Feb-21	26-Feb-22	26-Feb-23	26-Feb-24	26-Feb-25	
Fair value of the option at grant date	INR /share	17,324.68	17,325.10	17,325.50	17,325.86	17,326.19	As per Black Scholes Model
Exercise price	INR /share	10	10	10	10	10	As per Scheme
Expected volatility (Weighted average volatility)	% p.a.	50.27%	52.33%	55.77%	55.82%	54.77%	Based on comparable listing companies
Expected life (expected weighted average life)	in years	11	12	13	14	15	Calculated time to maturity as a sum of the following periods: - Time remaining from the valuation date till the date on which options are expected to vest on the holder and; - Average Time from the vesting date till the expected exercise date.
Dividend yield	% p.a.	0%	0%	0%	0%	0%	Dividend yield is taken as 0% since the Company has not declared any dividend in last 5 financial years.
Risk-free interest rates (Based on government bonds)	% p.a.	6.23%	6.36%	6.44%	6.50%	6.55%	Risk free interest rate refers to the yield to maturity on the zero-coupon securities maturing in the period which commensurate with the maturity of the option.
Attrition rate	% p.a.	10%	10%	10%	10%	10%	

Scheme

The options outstanding at March 31, 2020 have an exercise price of INR 10 and a weighted average remaining contractual life of 13 years.

The total ESOP expenditure for the period ended March 31, 2020 is Rs. 69,96,181. However, expenditure amounting to Rs. 16,56,478 pertaining to the personnel engaged in the development of UAVs has been capitalised under R&D cost. Accordingly ESOP expenditure amounting to Rs. 53,39,703 has been charged to the profit and loss for the period ended March 31, 2020

30.12 Utilisation of the proceeds from issue of shares

(A) During the year, the Company raised a sum of INR 1,100 (2019: INR Nil) through an issue of equity shares for general corporate purposes and for working capital.

Particulars	31-Mar-20	31-Mar-19
Proceeds from share issue during the year	1,100	-
Utilisation during the year for working capital	1,100	-

(B) During the year, the Company raised a sum of INR : NIL (2019: INR NIL) through an issue of compulsorily convertible preference shares (CCPS) for investment in development, sales and marketing, capital expenditure and working capital

Particulars	31-Mar-20	31 March 2019
Un-utilised amount as at previous year end (temporarily utilised for investments)	354,758,798	568,495,679
Utilisation during the year for		
Research and Development	88,228,788	71,367,270
Sales and Marketing	52,816,595	62,508,465
Capital Expenditure	53,325,183	65,010,212
Working Capital	8,567,319	14,850,934
Un-utilised amount as at year end (temporarily utilised for investments)	151,820,913	354,758,798

30.13 Estimates of Uncertainties relating to the Global Health Pandemic from COVID-19

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

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

The Management has also assessed the impact of the pandemic on its liquidity position and recoverability of the carrying amount of its assets as appearing in the financial statements and expects that the carrying amount of the assets as reflected in the balance sheet as at 31 March, 2020 will be recovered and liabilities will be settled as and when they fall due during the ensuing year. However, the actual impact of the pandemic in the future could be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and impacts if any will be assessed.

Ideaforge Technology Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees)

30 Notes to accounts (Continued)

30.14 Other Matters

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

30.15 Specified bank notes

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 have not been made since the requirement does not pertain to financial year ended 31 March 2020.

As per our report of even date attached

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

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

Mansi Pardiwalla
Partner
Membership No: 108511

Mumbai

Rahul Singh
Whole Time Director
DIN: 02106568

Mumbai

Ankit Mehta
Whole Time Director
DIN: 02108289

Mumbai