



BOARD OF DIRECTOR'S

Mr. Hari Om Rai, Chairman and Managing Director

Mr. Shailendra Nath Rai, Whole Time Director

Mr. Sunil Bhalla, Director

Mr. Vishal Sehgal, Director

Mr. Vinod Rai, Independent Director

Mr. Rahul Kansal, Independent Director

Ms. Chitra Gouri Lal, Independent Director

Mr. Vinod Shrama, Independent Director

CHIEF FINANCIAL OFFICER

Mr. Asitava Bose

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Bharat Mishra

STATUTORY AUDITORS

M/s ASA & Associates LLP, Chartered Accountants

Registered Office

Lava International Ltd.

B-14, House-2, Basement Shivlok Commercial
Complex,

Karampura, Delhi West, Delhi-110015

Corporate Identity no-U32201DL2009PLC188920

Corporate Office

Lava International Ltd.

A-56, Sector-64

Noida-201301, India

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www.lavamobiles.com

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure to present the 12th Annual Report together with the audited Financial Statements for the year ended 31st March 2021.

FINANCIAL RESULTS

The working results of the company for the year under report are as under.

(Rs. In millions)

<u>Particulars</u>	<u>Standalone</u>		<u>Consolidated</u>	
	<u>2020-21</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2019-20</u>
Revenue from Operations	16,166.82	19,277.10	55,128.74	52,643.29
Other Income	98.47	165.95	108.04	181.19
Total Revenue	16,265.29	19,443.05	55,236.78	52,824.48
Earnings before interest, tax, depreciation and amortization (EBIDTA)	1,030.42	1,001.20	2,512.15	1,992.56
Less: Depreciation and amortization expenses	226.51	273.30	390.37	330.51
Less : Finance Cost	285.09	308.88	285.76	389.94
Share of (profit)/loss of joint venture, associates (net of tax)	-	-	1.73	5.64
Profit before Tax (PBT)	518.82	419.02	1,834.29	1266.47
Less : Current Tax	301.76	202.20	301.87	224.59
Less : Deferred Tax charge/ (Income)	(197.34)	(31.23)	(193.66)	(35.73)
Profit for the year (PAT)	414.40	248.05	1,726.08	1077.61

Other Comprehensive income/(Expense) (net of tax)	(1.23)	(0.38)	(165.87)	444.43
Total Comprehensive income (net of tax)	413.17	247.67	1,560.21	1522.04

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there is no change in the nature of business of the Company.

DIVIDEND

The Company will be utilizing the funds for the current operations and as well as for upcoming projects, hence Board do not recommend any dividend for the financial year 2020-21.

TRANSFER TO RESERVES

The Company proposes to retain its profit Rs. 414.40 Million for the year, in the statement of profit and loss.

CHANGE IN SHARE CAPITAL

During the year under report, the Company has not altered its authorized or paid up share capital.

SUBSIDIARY COMPANIES

The statement under Section 129 (3) read with rule 5 of Companies (Account) Rules 2014, in respect of working of subsidiary, associates and joint venture companies is attached herewith as **Annexure-A**.

MEETINGS OF BOARD OF DIRECTORS

During the year under review, 4 (Four) meetings of the Board of Directors were held. The intervening gap between two consecutive meetings was not more than the period prescribed under the Companies Act, 2013 and consequent relaxation granted by appropriate authorities.

The Board meeting dates are as under:-

S. No.	Date of Meeting	S. No.	Date of Meeting
1	31-07-2020	2	08-12-2020
3	15-12-2020	4	01-03-2021

MEETINGS OF COMMITTEE'S

The Board of Directors of the Company had duly constituted the following Committees:-

A) AUDIT COMMITTEE

Dates of meeting of the members of the Audit Committee are as under:-

S. No.	Date of Meeting	S. No.	Date of Meeting
1	31-07-2020	2	08-12-2020
3	15-12-2020		

B) NOMINATION & REMUNERATION COMMITTEE

Dates of meeting of the members of the Nomination & Remuneration Committee is as under:-

S. No.	Date of Meeting
1	08-12-2020

C) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Dates of meeting of the members of the Corporate Social Responsibility Committee are as under:-

S. No.	Date of Meeting
1	07-09-2020

D) INDEPENDENT DIRECTOR COMMITTEE

Dates of meeting of the members of the Independent Director Committee are as under:-

1	01-03-2021
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ANNUAL RETURN

Pursuant to Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company for the F.Y. 2020-2021 will be available on the website of the Company at <https://www.lavamobiles.com/investor-relations.aspx>.

DIRECTORS & KEY MANAGERIAL PERSONALS

In accordance with the provision of Section 152 of the Companies Act, 2013, read with the Articles of Association of the company, Mr. Shailendra Nath Rai – Whole Time Director and Mr. Sunil Bhalla - Director are liable to retire by rotation and being eligible to offers themselves for their re-appointment at the forthcoming Annual General Meeting of the Company.

After completion of the year under review, the Board has appointed Mr. Vinod Sharma as Independent Director at their Board Meeting held on August 23, 2021. The appointment of Mr. Vinod Sharma, was approved by the Members at their Extra Ordinary General Meeting held on September 10, 2021.

FIXED DEPOSITS

Since Company has not accepted any deposits covered under Chapter V (Acceptance of Deposits by the Companies) of the Companies Act, 2013 read with the Rules framed thereunder; the details required to be given in terms of Rule 8(5)(v) & (vi) of Companies (Accounts) Rules, 2014 are not applicable.

PUBLIC DEPOSITS

The company has neither received nor accepted any deposits described under the Companies Act, 2013 and Rules made there under.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

List of employees who are in receipt of remuneration in excess of the limits laid down in Section 197 of the Act read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith in **Annexure – “B”**.

STATUTORY AUDITORS AND STATUTORY AUDIT REPORT

M/s Suresh Surana & Associates LLP, Chartered Accountants (FRN: 121750W/W-100010) were appointed as Statutory Auditors of the Company by the members in their Annual General Meeting held on 30th December 2019, to hold office as such for a period of 5 consecutive years, but they have resigned with the office of Statutory auditor of the Company and M/S ASA & Associates LLP, Chartered Accountants (FRN: 009571N/N500006), have been appointed by the Board of Directors to fill the casual vacancy caused in the office of Statutory Auditor of the Company, which has been ratified by the Shareholders in their meeting held on 10th of September, 2021, to complete the Audit for the Financial year 20-21, till the ensuing AGM (Annual general Meeting) of the Company i.e. till the 12th AGM of the Company. It is proposed to appoint M/S ASA & Associates LLP, Chartered Accountants (FRN: 009571N/N500006) as statutory auditors for a period of 5 financial years.

The Auditors Report on the accounts of the company for the year under review is self-explanatory and requires no comments. There is no qualification/ reservation/ adverse remark or disclaimer in the Auditors' Report. The Audit Report is annexed with the financial statement of the company.

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s Kumar Wadhwa & Company, Company Secretaries for conducting secretarial audit of the Company for the financial year 2020-21. The Secretarial Audit Report is annexed herewith as **Annexure-“C”**. The Secretarial Audit report does not contain any qualification, reservation or adverse remark.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans, guarantees and Investments under Section 186 of the Companies Act, 2013 have been disclosed in the financial statements.

TRANSACTIONS WITH RELATED PARTIES

None of the transactions with related parties falls under the scope of Section 188(1) of the Act. Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure – “D”** in Form AOC-2 and the same forms part of this report.

CORPORATE SOCIAL RESPONSIBILITY

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure-“E”** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

INSURANCE

All the properties of the Company, including stocks, where necessary, and to the extent required, have been adequately insured.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Proper internal financial controls laid down by the Directors were followed by the Company and such internal financial controls are adequate and were operating effectively

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company's policy on Directors' appointment and remuneration and other matters is available at the website of the Company and which can be accessed using <https://www.lavamobiles.com/investor-relations.aspx>.

EMPLOYEE RELATION

We believe that our employees, workers and the staff are the assets of our organization. Hence we invest heavily in people, people, processes and skill development to create an environment of holistic growth. Our company has established peaceful and harmonious industrial relations with the employees of the company, and these relations continue to be maintained throughout the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2020-21 to which the financial statements relate and the date of the report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Act, the Directors state that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. Appropriate accounting policies have been selected and applied consistently and have 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 as at March 31, 2021 and of the profit and loss of the Company for the year ended March 31, 2021;
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The annual accounts have been prepared on a going concern basis;
- e. Proper internal financial controls were followed by the Company and such internal financial controls are adequate and were operating effectively;
- f. Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo are set out in **Annexure – “F”** forming part of the report.

PREVENTION OF SEXUAL HARASSMENT POLICY

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Further, during the year 2020-21, no complaint was received.

VIGIL MECHANISM POLICY

The Company has formulated and published a Whistle blower policy to provide whistle mechanism for employees including directors of the company to report the genuine concerns and ensure strict compliance with the ethical and legal standards across the Company in compliance with provision of section 177 (9) of the Companies Act, 2013. The same can be accessed at following web link:

<https://www.lavamobiles.com/speak-up.pdf>

STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

Operations of the company are reviewed on timely basis by the Board at the Board meetings of the Company. The Board has developed and implemented risk management policy.

DETAILS OF SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNAL IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE

There are no significant material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company and its future operations. Hence, disclosure pursuant to Rule 8 (5) (vii) of Companies (Accounts) Rules, 2014 is not required.

EMPLOYEE STOCK OPTION

Under the various ESOP Plan, a total of 4,87,01,702 numbers of stock options were outstanding at the end of the year.

DISCLOSURE ABOUT COST AUDIT

As per the Cost Audit Orders, Cost Audit is applicable to the Company's products/ business in respect of Electricals or Electronic Machinery (mobile phones, tablets and communication equipment) for financial year 2020-21.

In view of the same and in terms of the provisions of Section 138 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. MM

& Associates, Cost Accountants have been appointed as Cost Auditors to conduct the audit of cost records of your company for the financial year 2020-21.

ACKNOWLEDGMENT

Your Directors acknowledge with gratitude the co-operation and support extended by Banks, Financial Institutions and various agencies of the Central Govt. and State Govt. Your Directors would also like to express appreciation to the external advisors and consultants of the company for their constant co-operation and cordial relations with the company during the period under review.

**For and on behalf of the Board
For Lava International Limited**

Place: Noida

Date: 21.09.2021

**(Hari Om Rai)
Chairman
DIN – 01191443**

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

(Information in respect of each subsidiary to be presented with amounts in Rs. million)

Sl. No.	Particulars	Details					
		<u>* Lava International (HK) Ltd.</u> <u>(Based in Hongkong)</u>		<u>LavaTechnologies DMCC.</u> <u>(Based in Dubai)</u>		<u>Xolo International (H.K.) Ltd.</u> <u>(Based in Hongkong)</u>	
1	Name of the subsidiary						
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-		-		-	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	<u>*HK \$</u>	<u>Converted in Rs.</u>	<u>*AED</u>	<u>Converted in Rs.</u>	<u>*USD \$</u>	<u>Converted in Rs.</u>
4	Share capital	10.00	94.16	18.36	366.22	0.01	0.73
5	Reserves & surplus	478.91	4,509.61	47.24	942.28	9.47	693.27
6	Total assets	614.91	5,790.24	68.61	1,368.54	26.75	1,957.91
7	Total Liabilities	126.00	1,186.47	3.00	59.84	17.27	1,264.28
8	Investments ²	6.19	58.29	-	-	-	-
9	Turnover	1,719.82	16,469.33	448.49	9,070.37	179.22	13,305.60
10	Profit before taxation	46.32	443.57	24.28	491.04	5.65	419.47
11	Provision for taxation	-	-	-	-	-	-
12	Profit after taxation	46.32	443.57	24.28	491.04	5.65	419.47
13	Proposed Dividend	-	-	-	-	0	-
14	% of shareholding	100%		100%		100%	

Sl. No.	Particulars	Details					
1	Name of the subsidiary	<u>Lava Mobility (Private) Limited, Sri Lanka.</u> (Based in Sri Lanka)		<u>Lava International (Nepal) Private Ltd, Nepal</u> (Based in Nepal)		<u>Lava International DMCC Dubai</u> (Based in Dubai)	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	=		=		=	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	<u>*LKR</u>	<u>Converted in Rs.</u>	<u>*NPR</u>	<u>Converted in Rs.</u>	<u>*AED</u>	<u>Converted in Rs.</u>
4	Share capital	-	-	20.00	12.52	0.05	1.00
5	Reserves & surplus	6.47	2.36	-23.27	-14.56	-2.29	-45.76
6	Total assets	6.47	2.36	4.15	2.59	1.25	25.01
7	Total Liabilities	-	-	7.42	4.64	3.50	69.78
8	Investments ²	-	-	-	-	-	-
9	Turnover	-	-	8.81	5.51	-	-
10	Profit before taxation	-	-	-0.09	-0.06	-1.48	-29.84
11	Provision for taxation	-	-	-	-	-	-
12	Profit after taxation	-	-	-0.09	-0.06	-1.48	-29.84
13	Proposed Dividend	-	-	-	-	-	-
14	% of shareholding	100%		100%		100%	

Sl. No.	Particulars	Details		
1	Name of the subsidiary	<u>Lava Mobile Mexico S.DE R.L. DE C.V.</u> (Based in Mexico)	<u>Lava International (Myanmar) Co. Ltd.</u> (Based in Myanmar)	<u>Pt. Lava Mobile Indonesia</u> (Based in Indonesia)
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	=	=	=

3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	*MXN	<u>Converted in Rs.</u>	*MMK	<u>Converted in Rs.</u>	*IDR	<u>Converted in Rs.</u>
4	Share capital	0.10	0.36	32.56	1.69	27,190.60	135.95
5	Reserves & surplus	-38.46	-137.78	-3.81	-0.20	-108,992.91	-544.96
6	Total assets	0.55	1.96	28.75	1.49	8,803.08	44.02
7	Total Liabilities	38.91	139.38	-		90,605.40	453.03
8	Investments ²	-		-		-	
9	Turnover	-		-		1,449.55	7.41
10	Profit before taxation	-		-		1,581.58	8.09
11	Provision for taxation	-		-		0.41	0.00
12	Profit after taxation	-		-		1,581.17	8.09
13	Proposed Dividend	-		-		-	
14	% of shareholding	99%		99%		95%	

Sl. No.	Particulars	Details			
1	Name of the subsidiary	<u>Lava International (Bangladesh) Ltd.</u> <u>(Based in Bangladesh)</u>		<u>Lava Technologies LLC</u> <u>(Based in USA)</u>	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	=		=	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	*BDT	<u>Converted in Rs.</u>	USD	<u>INR</u>
4	Share capital	10.15	8.76	0.4	29.28
5	Reserves & surplus	3.41	2.95	0.09	6.47
6	Total assets	13.56	12	0.51	37.34
7	Total Liabilities	-		0.02	1.76
8	Investments ²	-		0	-

9	Turnover	16.03	14	0	-
10	Profit before taxation	1,581.58	1,384	0.03	2.00
11	Provision for taxation	0.41	0	0.01	0.42
12	Profit after taxation	1,581.17	1,384	0.04	2.97
13	Proposed Dividend	-		-	
14	% of shareholding	99.99%		100%	

Sl. No.	Particulars	Details			
		<u>Lava Enterprise Limited</u>	<u>Sojo Distribution Private Limited (SDPL)</u>	<u>Sojo Manufacturing Services Private Limited (SMSPL)</u>	<u>Sojo Manufacturing Services (AP) Private Limited (SMSAPPL)</u>
1	Name of the subsidiary				
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	:	:	:	:
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	<u>INR</u>	<u>INR.</u>	<u>INR</u>	<u>INR</u>
4	Share capital	52.50	0.10	22.20	39.60
5	Reserves & surplus	-1.19	-1.10	-1.32	-0.85
6	Total assets	51.41	17.90	31.27	39.68
7	Total Liabilities	0.10	18.90	10.40	0.93
8	Investments ²	-	-	-	-
9	Turnover	-	-	-	-
10	Profit before taxation	-0.08	-1.01	-0.03	0.00
11	Provision for taxation	-	-	-	-
12	Profit after taxation	-0.08	-1.01	-0.03	-0.04
13	Proposed Dividend				
14	% of shareholding	99.05%	90%	99.95%	99.97%

Notes:-

- 1) Reporting period for all the aforesaid entities are 31st March 2021
- 2) Investments exclude investments in subsidiaries, associate and joint venture.
- 3) Exchange Rate: HKD 1 = Rs. 9.42 ; AED 1=Rs.19.95; USD 1 = Rs. 73.21;
IDR 1=0.0005 HKD; AED 1=2.12 HKD; LKR 1=0.04 HKD; MXN 1=0.38 HKD; MMK 1=0.01 HKD; THB 1=0.25 HKD; NPR 1= 0.07 HKD; BDT 1=0.09 HKD.

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	MagicTel Solutions Pvt. Ltd.
1. Latest audited Balance Sheet Date	As at 31 st March 2021
2. Shares of Associate/Joint Ventures held by the company on the year end	
- No. ¹	2500 shares of Rs. 10/- per share
- Amount of Investment in Associates/Joint Venture ¹	Rs. 25,000
- Extend of Holding% ¹	25%
3. Description of how there is significant influence	25% of shareholding is held by the Company
4. Reason why the associate/joint venture is not consolidated	Not Applicable
5. Net worth attributable to shareholding as per latest audited Balance Sheet	Rs. 13.99 million (25% is considered in consolidation of financial statement)
6. Profit for the year	
i. Considered in Consolidation	Rs. (1.72) million
ii. Not Considered in Consolidation	Nil

Notes:

- 1) Amount of investment in joint venture/associate is based on the carrying value of investments in the standalone financial statements of venturer/investor.

Name of associates/Joint Ventures	Yamuna Electronics Manufacturing Cluster Private Limited
1. Latest audited Balance Sheet Date	As at 31 st March 2021
2. Shares of Associates/Joint Venture held by the company on the year end	
- No. ¹	6,227,939 shares of Rs. 10/- per share
- Amount of Investment in Associates/Joint Venture ¹	Rs. 62,279,390
- Extend of Holding% ¹	45.33% (effective holding)
3. Description of how there is significant influence	Through the shareholder agreement of Yamuna Electronics manufacturing cluster private limited.
4. Reason why the associate/joint venture is not consolidated	-
5. Net worth attributable to shareholding as per latest audited Balance Sheet	Rs. 48.07 million (45.33% is considered in consolidation of financial statement)
6. Loss for the year	
i. Considered in Consolidation	Rs. (0.01) million
ii. Not Considered in Consolidation	Nil

- 1) Effective holding of the Company has been considered for above information.
Amount of investment in joint venture/associate is based on the carrying value of investments in the standalone financial statements of venturer/investor.

Annexure - "B"

Information as per Section 197 of the Act read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of Directors Report for the year ended 31st March 2021

(i) If employed throughout the financial year, was in receipt of remuneration for that year which, in aggregate, was not less than Rs 1.02 Crore.

<u>Name of the employee</u>	<u>Designation of the employee</u>	<u>Remuneration received (in Rs.)</u>	<u>Nature of employment, whether contractual or otherwise</u>	<u>Qualification and experience of employee</u>	<u>Date of commencement of employment</u>	<u>Age of the employee</u>	<u>Last employment held before joining the company</u>	<u>%age of Equity shares held by the employee in the company</u>	<u>Whether the employee is a relative of any Director or manager of the company, if so, name of the Director or manager</u>
Sanjeev Agarwal	Chief Manufacturing Officer	1,84,98,351	Permanent	B.Tech, PGDBM (Ops Mgt); around 29 years of experience in Manufacturing	02-Jul-14	53	Lite On Mobile India Pvt Ltd	-	No
Sunil Raina	President - Business Head	1,69,66,923	Permanent	B.Sc + MBA, 22 Years	16-Nov-2016	48	Uninor Telecom Limited	-	NO

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, and forming part of the directors' report for the year 1st April 2020 to 31st March 2021

PARTICULARS OF TOP TEN EMPLOYEES AND OTHERS EMPLOYEES

S.No	Employee Name	Designation	Remuneration Received	Nature of employment, whether contractual or otherwise	Qualification	Experience (Years)	Date of commencement of employment	Age	Last Employment held before joining the Company	Whether employee is relative of any Director/Manager Yes/No & name of Such Director/Manager	the percentage of equity shares held by the employee in the company
1	Sanjeev Agarwal	Chief Manufacturing Officer	1,84,98,351	Permanent	B.Tech + PGDBM	22	01-Jul-14	52	Head of Operations at Liteon Mobile	No	Nil
2	Sunil Raina	President - Business Head	1,69,66,923	Permanent	B.Sc + MBA	22	10-Jun-10	48	General Manager at Uninor	No	0.26
3	S. N. Rai	Whole Time Director	84,57,464	Permanent	B.SC ,Engineering	36	01-April-11	60	Co-founder at Movico Technologies pvt Ltd	No	9.40
4	Bibhash Deb	Vice President	86,18,215	Permanent	LLB+BA	25	16-Apr-14	47	Indirect Tax Manager at LG Electronics	No	0.0
5	Sourabh Singh Raghuvanshi	Head -SCM & Customer Service	84,40,007	Permanent	B.Tech + PGPM	13.6	15-May-14	38	Manager at Walmart	No	0.0

6	Mugdh Rajit	Head-Marketing & S&D Strategy	7645883	Permanent	BE,MBA	17	16-Dec-19	43	VP Retail and Distribution at Lava International Ltd	NO	0.00
7	Deepak Nayak	Group Finance Controller	6356305	Permanent	CA	14	13-Dec-10	43	Internal Controls and Sox Compliance at Uninor	NO	0.00
8	Vipan Singla	Vice President	6220330	Permanent	B Tech	15	29-Apr-15	38	Global Quality manager at Nokia	No	0.00
9	Sachin Nandwani	Deputy Chief Financial Officer	61,42,720	Permanent	B.Com + M.Com + CA + MBA	24	18-Mar-19	43	Managing Partner at S.K Badjatya & Co	No	0.0
10	Rakesh Kumar Rai	Head IT Applications	64,80,339	Permanent	B.S.C + MCA	28	06-Apr-17	54	Associate Vice President at Steria	No	0.0

FORM NO. 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 of
LAVA INTERNATIONAL LIMITED
Regd. Off: B-14, House 2, Basement, Shivlok Commercial Complex,
Karampura, Delhi -110015.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/S LAVA INTERNATIONAL LIMITED (U32201DL2009PLC188920)** (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 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 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:

- We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/S LAVA INTERNATIONAL LIMITED ("The Company")** for the period ended on 31st March, 2021 according to the provisions of:
 - I. The Companies Act, 2013 (**the Act**) and the Rules made there under;
 - II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
 - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (**Not applicable as there was no reportable event during the Financial Year under review**)
 - V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company:-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not Applicable as Company is an unlisted Company.**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **Not Applicable as Company is an unlisted Company.**
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not Applicable as Company is an unlisted Company.**
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not Applicable as Company is an unlisted Company.**
 - e. The Securities and Exchange Board of India (issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable as Company is an unlisted Company.**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client; **Not Applicable as Company is an unlisted Company.**

- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable as Company is an unlisted Company.**
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable as Company is an unlisted Company.**
 - i. The Listing Agreements entered into by the Company with any stock exchange(s); **Not Applicable as Company is an unlisted Company.**
- VI. The Memorandum and Articles of Association.
- **We have also examined compliance with the applicable clauses of the following:**
 - i) Secretarial Standards issued by The Institute of Company Secretaries of India.
 - ii) The Listing Agreements entered into by the Company with any stock exchange(s); **Not Applicable as Company is an unlisted Company.**

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

- **We further report that the Company has, in my opinion, complied with the applicable provisions of Companies Act, 2013 as notified by Ministry of Corporate Affairs and rules made there under along with the Memorandum and Articles of Association of the Company, with regard to:**
 - a) Maintenance of various statutory registers and documents and making necessary entries therein;
 - b) Closure of the Register of Members.
 - c) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
 - d) Service of documents by the Company on its Members, Auditors and the Registrar of Companies;
 - e) Notice of Board Meetings and Committee Meetings of Directors;
 - f) The Meetings of Directors and Committees of Directors including passing of resolutions by circulation;
 - g) The 11th Annual General Meeting held on 31st December, 2020.
 - h) Minutes of proceedings of General Meetings and of the Board and its Committee Meetings;
 - i) Approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
 - j) Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors;
 - k) Appointment and remuneration of Auditors;
 - l) Transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
 - m) Borrowings and registration, modification and satisfaction of charges wherever applicable;
 - n) Investment of the Company's funds including investments and loans to others;
 - o) Form of Balance Sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule III to the Act;
 - p) Directors' Report;
 - q) Contracts, common seal, registered office and publication of name of the Company; and
 - r) Generally, all other applicable provisions of the Act and the Rules made under the Act.

➤ **We further report that:**

- The Board of Directors of the Company is duly constituted with optimum combination of Non-Executive Directors and Independent Directors and Woman Director. There are changes in the composition of the Board of Directors that took place during the financial year 2020-2021 as per the provision of the Companies Act, 2013.
- Adequate notice is given to all Directors to attend the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- The Company has obtained all necessary approvals under the various provisions of the Act; and
- The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

- **We further report that**
 - There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- **We further report that**
 - During the audit period there was no specific event/ action has major impact on the affairs of the Company in pursuance of above referred laws, rules, regulations, guidelines, standards etc.
 - This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

FOR KUMAR WADHWA & COMPANY
Company Secretaries

Place: New Delhi
Date: 6th September, 2021

Sd/-
SANJAY KUMAR
(Partner)
C.P NO: 7027
UDIN: F009211C000909473

Annexure A

To,
The Members of
LAVA INTERNATIONAL LIMITED
Regd. Off: B-14, House 2, Basement, Shivlok Commercial Complex,
Karampura, Delhi -110015.

Management's Responsibility

1. It is the responsibility of management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

FOR KUMAR WADHWA & COMPANY
Company Secretaries

Place: New Delhi
Date: 6th September, 2021

Sd/-
SANJAY KUMAR
(Partner)
C.P NO: 7027
UDIN: F009211C000909473

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 transactions under third proviso thereto:

- 1. Details of contracts or arrangements or transactions not at arm's length basis:** Company has purchased & sold goods to Lava HK & XOLO HK, and made Export sales to Lava Technologies DMCC. And these transactions are on arm's length basis as the same was certified by TP Auditors.

- 2. Details of material contracts or arrangement or transactions at arm's length basis:**
 - a. Name(s) of the related party and nature of relationship:
 1. Lava International (HK) Ltd., a wholly owned subsidiary of the Company.
 2. Xolo International (HK) Limited, a wholly owned subsidiary of the Company.
 3. Lava Technologies DMCC. a wholly owned subsidiary of the Company

 - b. Nature of contracts / arrangements / transactions: Master Purchase Agreement with Lava International (HK) Ltd; Customs Handling Services Agreement with Am Express Worldwide Logistics.

 - c. Duration of the contracts / arrangements / transactions: Agreement with Lava International (HK) Ltd. dated April 1, 2011 (ongoing agreement unless terminated by giving 1 month notice); Agreement with Am Express Worldwide Logistics, executed on 12th January 2010, effective from 1st April 2009 (ongoing agreement unless terminated by giving 90 days notice).

 - d. Salient terms of the contracts or arrangements or transactions including the value, if any: -
Under Master Purchase Agreement with Lava International (HK) Ltd. purchases shall be made on arm length prices and payment to be routed through approved mode under FEMA and RBI notifications; and

- Agreement with Am Express Worldwide Logistics for Custom handling is made on arm length prices.

 - e. Date(s) of approval by the Board, if any: Not applicable, since the contract was entered into in the ordinary course of business and on arm's length basis.

 - f. Amount paid as advances, if any: Based on Purchase order from time to time and as per the usual practice of the company with other suppliers.

1. Brief outline on CSR Policy of the Company:

Lava International Limited ("Company") recognizes that its business activities have wide impact on the societies in which it operates, and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. The company endeavours to make CSR for sustainable development. The Company through its CSR Committee shall identify the activities/projects in line with Section 135 read with Schedule VII of the Companies Act 2013 and the Rules made thereunder. Our company is committed for better utilisation of CSR funds so that it can serve the of public at large.

2. Composition of CSR Committee:

S. No.	Name of Director	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. Rahul Kansal	Chairman /Independent Director	1	1
2	Mr. Hariom Rai	Member/Managing Director	1	1
3	Mr. Shailendra Nath Rai	Member/Whole Time Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: <https://www.lavamobiles.com/csr.pdf>

4. 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: *Not applicable.*

5. 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:

6. Average net profit of the company as per section 135(5): Rs. 5,960 Lakhs.

7. (a) Two percent of average net profit of the company as per section 135(5): Rs. 119.3 Lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.: *Nil*

(c) Amount required to be set off for the financial year, if any: *Nil*

(d) Total CSR obligation for the financial year (7a+7b- 7c) : Rs. 119.3 Lakhs.

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

Total Amount Spent for the Financial Year. (in Rs. Lakh)	Amount Unspent (in Rs. Lakh)				
	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.
	NA	NA	NA	NA	NA

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

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

1	2	3	4	5		6	7	8	
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.		Amount spent for the project (in Lakhs).	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency.	
				State.	Distri ct.			Name.	CSR registration number.
1	Education	Promotion of Education	YES	DELHI	-	79.80	NO	BRM education	-

								& welfare Society	
2	Social Upliftment	Social Upliftment (promoting Education)	YES	DELHI	-	144.45	NO	Care Village Foundation	-
3	Education	Imparting Professional & technical Education (Education & Employment enhancing Vocational Skills)	YES	DELHI	-	53.50	NO	Dr. Kedamath Modi foundation	-
4	Upliftment of Rural youth by providing training for skill development	Upliftment of Rural Poor youth (Employment enhancing Vocational Skills)	YES	HARYANA	-	50.00	NO	Lala Kundan Lal Memorial Society	-
5	Upliftment of Sports & Cultural Activities	Upliftment of Sports & Cultural Activities (training to promote Sports)	YES	DELHI	-	28.73	NO	Paschimvihar Sports & Cultural Society	-

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+:8e): Rs. 356.48Lakh

(g) Excess amount for set off, if any: 237.18 lakh (will be setoff in succeeding years)

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

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

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: Not Applicable**

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): Not Applicable**

Annexure – “F”

INFORMATION AS PER SECTION 134 (3) (m) READ WITH THE COMPANIES (ACCOUNTS) RULES 2014 AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2021.

FORM A

CONSERVATION OF ENERGY:

- a) **Energy Conservation measures taken:**
The operations of the company are of such nature that energy consumption is on a lower side. However, your company continues to invest in replacement of low energy efficiency systems and take adequate measures in order to conserve energy.
- b) **Alternate sources of energy:**
The Company is not required to look for alternate source of energy due to its nature of business.
- c) **Capital investment on energy conservation equipment's:**
NIL

FORM 'B'

TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

1. RESEARCH & DEVELOPMENT (R&D)

The main objectives of R & D (Software & Hardware) unit established by the company include:

R&D was commenced with a vision to build software solutions and services for the mobile first user base in India. It started with building power management and security applications. This enables user to manage their applications better. Then on team moved into building India's First custom ROM which involved engaging tech aware users to build solutions on native android. The Hardware R&D unit of the company has been set up with an objective to design & develop hardware of affordable flagship smart phones and feature phones and also import substitution, cost reduction, and to become more competitive in domestic and global market.

a. Specific Areas in which Research and Development (R&D) is being carried out by the Company

The company has established its first Software R&D Center in Bangalore at 5th Floor, Vakil Square, Bannerghatta Road, Bangalore later on such R&D Center was shifted to B-4 (First Floor) Sector-63 Noida U.P which was accorded by DSIR, for accomplishment of companies R&D projects to meet the challenging requirements in mobile industry for the day to day requirements and to design and development of new products like building power management and security applications. This is to integrate features in the product (Smartphones) in order to provide better features available to the end users. The company has established state of the art Hardware R&D center at Noida Sector-63 in order to design & develop hardware and manufacture mobile phones, mainly Feature and Smart Mobile Phones. This Hardware R&D center has been established to enable development of local eco-system of mobile manufacturing in India which is in line with govt. of India vision for developing this industries and thereby generating huge employment opportunities in the country. Designed, schematized, developed and manufactured Prime X Feature phone to meet the requirements of domestic as well as global market.

b. Benefits derived as a result of the above efforts –

- o Customer Satisfaction
- o Cost reduction
- o Technology edge
- o Better product
- o enhancing Make in India by building phone manufacturing eco-system and developing state of art technology in terms of Hardware and software for same.

c. Future Plan of action

- To understand and deeply work on machine learning, artificial intelligence, AR/VR, battery technology and user experience for the Indian users.
- To develop and build software solutions which enables the customers to engage with right content and services and also build solutions for keeping smartphone as the center to connect various smart city initiatives enabling users to harness low power switching ,renewable energy etc.
- Develop ability to design device drivers in areas of MIPI, I2C ,Linux Imaging interface and tuning. To aide end to end development of camera hardware in India.
- Work with factory tools and companies providing factory validation tools to build an automated device validation solution. This will in turn enable seamless production.

d. Expenditure on R&D*

Expenditure	FY 2020-21 Amount (in Rs million.)	FY 2019-20 Amount (in Rs million.)
Amount Charged to Statement of Profit & Loss	66.49	84.84
Amount capitalized		
(i) Intangible Assets	-	-
(ii) Property, plant & equipment	2.94	4.52
TOTAL	69.43	89.36
Total R & D Expenditure as a % of Total Turnover	0.43%	00.46%

* Above figures are shown on standalone basis.

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

a. Efforts made towards technology absorption, adaptation and innovation

The company is having in-house technical department which keep on updating the company with the latest technology available in market related to mobile industry. The company is using latest technology in its products and keep on updating its products in terms of quality and technology. The company also arranges sessions on regular basis for its employees and impart technical knowledge and training to keep them abreast with the latest technologies in the market.

b. Benefits Derived as a result of the above efforts.

We are able to deliver quality products in the hands of the customers in terms of new features in the handsets we keep on updating the technology in our products.

c. Information about Imported Technology

I	Technology Imported:	N.A.
II	Year of Import:	N.A.
III	Has Technology been fully absorbed:	N.A.
IV	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	N.A.

3) FOREIGN EXCHANGE EARNINGS AND OUTGO

Activates relating to exports, Initiative taken to increase Export, Development of new export markets for products, Export Plans:

The Company had exported its material, considering the increasing demand of mobile handsets all over the world. The company is planning to export its products in the Asian and African Countries in the forthcoming financial year.

Total Foreign Exchange used and earned

(Rs. In Million)

		2020-21	2019-20
Earnings	FOB value of exports	1394.89	2,965.41
Out go	CIF value of imports	7,844.77	11,013.38
	Expenditure in Foreign Currency	51.40	12.05

INDEPENDENT AUDITOR'S REPORT

To the Members of Lava International Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Lava International Limited** ("the Company"), which comprise of the standalone balance sheet as at March 31, 2021, the standalone statement of Profit and Loss (including the Other Comprehensive Income), the standalone statement of changes in Equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including 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 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, changes in equity, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ('the Act'). Our responsibilities under those Standards are further described in the Auditor's Responsibilities 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 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 there under, 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 Board of Directors is responsible for the preparation of other information. The other information comprises the information included in Directors' Report including Annexures to the Directors' report, but does not include the standalone financial statements and our report thereon.



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

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

Other Matter

The standalone financial statements of the Company for the year ended March 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on July 31, 2020.

Responsibilities of Management and Those Charged with Governance 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, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (India Accounting Standards) Rule 2015, amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements 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 Responsibilities 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

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 sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss, (including other comprehensive income), the Standalone statement of changes in equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
 - (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 B", and
 - (g) In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in the standalone financial statements— Refer Note 31 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any and to the extent ascertainable, on long-term contracts including derivative contracts;

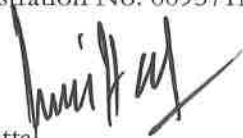


- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For ASA & Associates LLP

Chartered Accountants

Firm Registration No: 009571N/N500006



Prateet Mittal

Partner

Membership No. 402631

UDIN: 21402631AAAARH8522



Place: Gurugram

Date: September 18, 2021

Annexure - A to the Independent Auditors' Report

Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date

- (i)
 - a) As per information and explanation provided to us and based on our examination of the records of the Company, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a regular program of physical verification to cover all the items of fixed assets of respective locations are verified at least once in every three years, which, in our opinion is reasonable having regard to the size of the company and nature of its assets. Pursuant to the program, fixed assets were physically verified by the management in financial year 2020-21. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - c) The Company does not hold any immovable property. Accordingly, the provisions of the clause 3 (i) (c) of the Order are not applicable.
- (ii) According to the information and explanations given to us, the inventories have been physically verified by the management at reasonable intervals during the year. No material discrepancies were noticed on such verification.
- (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 Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of Section 186 in respect of investments made and guarantee given. Further, in our opinion, the Company has not entered into any transactions covered under section 185 and 186 of the Act in respect of loans and security.
- (v) According to the information and explanations given to us, during the financial year, the Company has not accepted deposits within the meaning of Section 73 to 76 of the Act. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)
 - a) According to the information provided and explanations given to us and based on our examination of the records of the Company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, duty of customs, cess and



other statutory dues applicable to it. There are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as on the last day of the financial for more than six months from the day these becomes payable.

- b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of income tax, sales tax, duty of customs, duty of excise, value added tax and goods and service tax which have not been deposited on account of any dispute except of the following:-

Name of Statute	Nature of the dues	Amount of dispute (in Rs. millions)	Amount not paid (in Rs. millions)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	1.24	1.24	2015-16	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	25.03	25.03	2016-17	The Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	30.22	30.22	2018-19	The Central Board of Direct Taxes
Bihar VAT Act	Sales tax	58.94	33.83	2013-14	Hon'ble Bihar Commercial Tax, Tribunal, Patna
Bihar VAT Act	Sales tax	1.13	0.68	2009-17	Bihar Sales Tax Department
Chandigarh VAT Act	Sales tax	1.08	0.76	2011-15	Pending before P&C High Court
Karnataka VAT Act	Sales tax	14.17	7.40	2011-13 & 2014-15	Pending before Tribunal
Karnataka VAT Act	Sales tax	5.58	5.58	2013-14	Pending before Dept.
Kerala VAT Act	Sales tax	3.53	2.37	2009-12	The Deputy Commissioner (Appeal) Ernakulam
Maharashtra VAT Act	Sales tax	5.63	5.07	2012-13 & 2016-17	Joint Commissioner of Sales Tax, Raigarh division

Maharashtra VAT Act	Sales tax	18.14	16.04	2013-16	Pending before Tribunal
Punjab VAT Act	Sales tax	12.59	9.44	2009-13	Pending before P&C High Court
Rajasthan VAT Act	Sales tax	15.85	9.18	2009-13	Pending before Supreme Court
Rajasthan VAT Act	Sales tax	4.20	2.61	2013-15	Rajasthan Appeal department
Seemandhra VAT Act	Sales tax	17.90	13.43	2014-15 & 2015-16 (Jun'14 to Dec'15)	Hyderabad High Court
Tamil Nadu VAT Act	Sales tax	1.51	1.34	2011-14	Commercial Tax Department
Telangana VAT Act	Sales tax	283.70	212.78	Feb'14 to Mar'15 & 2015-17	High Court Judicature at Hyderabad

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayments of dues to financial institution, banks and government. No funds were raised during the year from issue of debentures.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The term loans raised by the company was applied for the purpose for which it was raised.
- (x) According to the information and explanations given to us and to the best of our knowledge and belief, no fraud by or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and to the best of our knowledge and belief, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.
- (xi) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

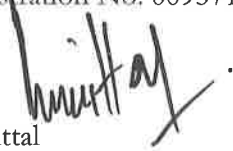


- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has complied with the requirement of section 177 and 188 of the Act in respect of Related Parties transactions and the details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during 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 non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) 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.

For ASA & Associates LLP

Chartered Accountants

Firm Registration No: 009571N/N500006



Prateet Mittal

Partner

Membership No. 402631

UDIN: 21402631AAAARH8522



Place: Gurugram

Date: September 18, 2021

Annexure - B to the Independent Auditors' Report

Report on the Internal Financial Controls 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 Lava International 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 ("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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, including the assessment of the risks of material misstatement of the standalone 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 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 standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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, 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 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.

For **ASA & Associates LLP**

Chartered Accountants

Firm Registration No: 009571N/N500006


Prateet Mittal

Partner

Membership No. 402631



UDIN: 21402631AAAARH8522

Place: Gurugram

Date: September 18, 2021

Lava International Limited
 Standalone balance sheet as at 31 March 2021
 (All amounts in Indian Rupees billion unless otherwise stated)

Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	3	578.97	523.37
Capital work-in-progress	3	32.76	20.69
Intangible assets	4	14.66	54.72
Right of use asset	5	161.64	208.18
Investment in subsidiaries and associate	6	540.41	540.50
Loans	7 (f)	25.33	26.09
Other financial asset	7 (h)	1.49	1.17
Deferred tax assets (net)	23	228.96	-
Other non-current assets	9 (a)	50.92	57.44
		1,635.14	1,432.16
Current assets			
Inventories	8	3,263.56	1,872.42
Financial assets			
Investments	7 (b)	10.00	20.69
Trade receivables	7 (c)	7,388.05	8,818.07
Cash and cash equivalents	7 (d)	181.08	123.35
Other bank balances	7 (e)	1,612.66	1,301.75
Loans	7 (g)	6.58	6.61
Others	7 (i)	982.10	980.19
Other current assets	9 (b)	2,305.31	2,915.70
		15,749.34	16,039.78
		17,384.48	17,471.94
TOTAL ASSETS			
Equity and liabilities			
Equity			
Equity share capital	10	1,248.67	1,248.67
Instruments entirely equity in nature	10	51.00	50.00
Other equity			
Securities premium		2,395.58	1,874.58
Share based payment reserve		228.72	143.18
Retained earnings		6,662.72	6,604.84
Other reserve		(7.69)	(7.69)
Total Equity		10,577.00	9,913.58
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	11 (a)	-	553.58
Other financial liabilities	11 (d)	162.60	320.36
Provisions	12 (a)	51.55	45.98
Deferred tax liabilities (net)	23	-	88.29
		214.15	1,008.21
Current liabilities			
Financial liabilities			
Borrowings	11 (b)	965.32	1,094.42
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	11 (c), 32	20.37	11.07
- total outstanding dues of creditors other than micro enterprises and small enterprises	11 (c)	3,597.24	3,801.26
Other financial liabilities	11 (e)	1,096.11	530.73
Other current liabilities	13	394.19	617.03
Provisions	12 (b)	163.85	158.00
Current Tax Liabilities (net)	14	356.25	337.64
		6,593.33	6,550.15
		17,384.48	17,471.94
TOTAL EQUITY AND LIABILITIES			

Summary of significant accounting policies

2.1

The accompanying notes forms an integral part of these standalone financial statements.

As per our report of even date as attached
 For ASA & Associates LLP
 Chartered Accountants
 Firm's Registration No.: 009571N/N500006

Prafeel Mittal
 Partner
 Membership No. 402631



Place: Gurugram
 Date: September 18, 2021

For and on behalf of the Board of Directors of
 Lava International Limited
 CIN: U32201DL2009PLC188920

Hari Om Rai
 Chairman & Managing Director
 (DIN - 01191443)

Asitava Bose
 Chief Financial Officer

Shailendra Nath Rai
 Whole-Time Director
 (DIN-00908417)

Bharat Mishra
 Company Secretary
 (M. No - ACS-35437)

Place: Noida
 Date: September 18, 2021

Lava International Limited
Standalone statement of profit and loss for the year ended 31 March 2021
(All amounts in Indian Rupees Million unless otherwise stated)

Particulars	Note No.	For the year ended 31 March 2021	For the year ended 31 March 2020
Income			
Revenue from operations	15	16,166.82	19,277.10
Other income	16, 40	98.47	165.95
Total income (I)		16,265.29	19,443.05
Expenses			
Cost of raw material and components consumed	17	11,566.74	11,306.27
Purchase of traded goods		1,525.97	2,819.82
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	18	(590.70)	1,424.13
Employee benefits expense	19	1,331.85	1,392.70
Other expenses	20, 40	1,401.01	1,498.93
Total expense (II)		15,234.87	18,441.85
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(II)		1,030.42	1,001.20
Depreciation and amortisation expense	21	226.51	273.30
Finance costs	22	285.09	308.88
Profit before tax		518.82	419.02
- Current tax		332.56	179.35
- Tax charge/(credit) relating to earlier years		(30.80)	22.85
- Deferred tax expense/(income)		(197.34)	(31.23)
Income tax expense	23	104.42	170.97
Profit for the year		414.40	248.05
Other comprehensive income			
Other comprehensive income not to be reclassified to profit and loss in subsequent periods :			
- Re-measurement (gains)/losses of defined benefit plan	28	1.65	0.59
- Income tax relating to this item	23	(0.42)	(0.21)
Other comprehensive (income)/loss for the year		1.23	0.38
Total Comprehensive Income for the year		413.17	247.67
Earnings per equity share (in rupees)			
Basic	24	3.32	1.99
Diluted		3.03	1.81
Adjusted Basic*		0.83	0.50
Adjusted Diluted*		0.76	0.45

* Earnings per shares after adjustment of stock split and bonus subsequent to the reporting date

Summary of significant accounting policies 2.1

The accompanying notes forms an integral part of these standalone financial statements.

As per our report of even date as attached

For ASA & Associates LLP

Chartered Accountants

Firm's Registration No.: 009571N/N500006

Prateet Mittal

Partner

Membership No. 402631



Place: Gurugram

Date: September 18, 2021

For and on behalf of the Board of Directors of
Lava International Limited

CIN/U32201DL2009PLC188920

Hari Om Rai

Chairman & Managing Director

(DIN - 01191443)

Asitava Bose

Chief Financial Officer

Shailendra Nath Rai

Whole-Time Director

(DIN-00908417)

Bharat Mishra

Company Secretary

(M. No.- ACS-35437)

Place: Noida

Date: September 18, 2021



Lava International Limited
 Standalone statement of changes in equity for the year ended 31 March 2021
 (All amounts in Indian Rupees Million unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
a. Equity share capital		
At the beginning of the year	1,248.67	1,248.67
Outstanding at the end of the year	1,248.67	1,248.67
b. Instruments entirely equity in nature		
At the beginning of the year	50.00	50.00
Add : Transfer of compulsorily convertible preference share (CCPS)*	1.00	-
Outstanding at the end of the year	51.00	50.00
c. Other equity		

Particulars	Reserves and Surplus		Items of Other Comprehensive Income		Total
	Securities premium (i)	Share based payment reserve (ii)	Retained earnings	FVTOCI - equity investment reserve (iii)	
As at 31 March 2019	1,874.58	143.18	6,351.43	(7.69)	8,361.50
Profit for the year	-	-	248.05	-	248.05
Other comprehensive income for the year (net of tax)	-	-	(0.38)	-	(0.38)
Total comprehensive income for the year	-	-	247.67	-	247.67
Movement of lease amortisation reserve	-	-	5.74	-	5.74
As at 31 March 2020	1,874.58	143.18	6,604.84	(7.69)	8,614.91
Provision for Expected Credit Loss (Refer note 7 (b))	-	-	(355.29)	-	(355.29)
Total profit for the year	-	-	414.40	-	414.40
Other comprehensive income for the year	-	-	(1.23)	-	(1.23)
Total comprehensive income for the year	-	-	57.88	-	57.88
Share based payment expense	519.00	85.54	-	-	85.54
Security Premium on CCPS*	2,393.58	228.72	6,662.72	(7.69)	519.00
As at 31 March 2021					9,277.33

(i) **Securities premium** : Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act 2013.
 (ii) **Share based payment reserve** : The share option outstanding account is used to recognise the grant date of fair value of options issued to employees under the Company's employee stock option plan.
 (iii) **FVTOCI equity investment reserve** : The Company has elected to recognise changes in the fair value of investments in equity instruments of Abhriya Pie Ltd in other comprehensive income. The changes are accumulated within the FVTOCI equity investment reserve.
 * In the current year, based on the terms of investment agreement, and confirmation of the number of shares to be issued, and price thereof, CCPS which was earlier classified under 'Long Term Borrowing' now meets the criterion of Equity and accordingly the amount has been reclassified as 'Instruments entirely equity in nature' and 'Security premium'

Summary of significant accounting policies (refer note 2.1)

The accompanying notes forms an integral part of these standalone financial statements.

As per our report of even date as attached

For ASA & Associates LLP
 Chartered Accountants
 Firm's Registration No.: 009571IN/500006

Prateek Mittal
 Partner
 Membership No. 402631



Place: Gurgaon
 Date: September 18, 2021

For and on behalf of the Board of Directors of
 Lava International Limited
 CIN: U32201DL2009PLC188920

Hari Om Rai
 Chairman & Managing Director
 (DIN - 01191443)

Shailendra Nath Rai
 Whole-Time Director
 (DIN-00908417)

Bhramar Mishra
 Company Secretary
 (M. No. - ACS-35437)

Place : Noida
 Date: September 18, 2021

Lava International Limited
Standalone cash flow statement for the year ended 31 March 2021
(All amounts in Indian Rupees Million unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flow from operating activities		
Profit before tax	518.82	419.02
Adjustment to reconcile profit before tax to net cash flows :		
Depreciation/amortization	226.51	273.30
Profit on sale of property, plant and equipment	(1.00)	3.27
Fair value (gain) /loss on Investment at fairvalue through profit or loss	(2.00)	0.92
Unrealized foreign exchange (gain)/ loss	30.00	(59.31)
Net (gain)/loss on sale of mutual fund investments	(0.55)	0.17
Balances written off	-	41.93
Fair value (gain)/loss on derivative financial instrument at FVTPL	10.93	(13.35)
Payment of principal portion of lease liabilities	(22.91)	(19.08)
Provision for Share based payment Expenses	85.54	-
Provision for Inventories obsolescence	(41.67)	14.82
Provision for trade receivables and advances	263.39	31.31
Amortization of prepaid security deposit	1.35	7.14
Interest expense	193.09	219.54
Interest income	(75.35)	(122.11)
Operating profit before working capital changes	1,186.15	797.57
Movements in working capital:		
Increase/ (Decrease) in trade payables and other liabilities	291.69	(1,726.22)
Increase/ (Decrease) in provisions	11.42	(97.75)
(Increase)/ Decrease in trade receivables	561.06	(1,943.78)
(Increase)/ Decrease in inventories	(1,349.47)	1,669.74
(Increase)/ Decrease in other assets	541.69	180.68
Cash generated from operations	1,242.54	(1,119.76)
Income taxes paid (net of refunds)	(267.63)	(61.86)
Net cash flow from / (used) in operating activities (A)	974.90	(1,181.62)
Cash flows from investing activities		
Purchase of property, plant and equipment including capital work in progress	(159.91)	(184.34)
Proceeds from sale of property, plant and equipment (including intangibles)	4.31	1.93
Purchase of mutual fund investments	(50.00)	(155.00)
Sale of mutual fund investments	64.96	227.73
Investments in bank deposits	(2,252.60)	(2,186.19)
Redemption/maturity of bank deposits	1,867.28	2,761.90
Interest received	99.73	98.77
Net cash flow from / (used in) investing activities (B)	(426.23)	564.80
Cash flow from financing activities		
Proceeds from long-term borrowings	31.20	-
Payment of long-term borrowings	(119.62)	(120.69)
Movement in short-term borrowings	(129.10)	296.56
Interest paid on lease liability	(24.98)	(27.11)
Interest paid on borrowings	(248.44)	(130.66)
Net cash from / (used in) financing activities (C)	(490.94)	18.10
Net increase in cash and cash equivalents (A + B + C)	57.73	(598.72)
Cash and cash equivalents at the beginning of the year	123.35	722.07
Cash and cash equivalents at the end of the year	181.08	123.35
Components of cash and cash equivalents		
Cash on hand	2.08	7.95
With banks on current account		
- on deposit account	68.31	81.27
- others balances	110.69	34.13
Total cash and cash equivalents [Refer note 7 (d)]	181.08	123.35

Summary of significant accounting policies (refer note 2.1)

The accompanying notes forms an integral part of these standalone financial statements.

The schedules referred to above and notes on accounts form an Integral part of the standalone cash flow statement.

As per our report of even date as attached

For ASA & Associates LLP
Chartered Accountants
Firm's Registration No.: 009571N/N500006

Prateek Mittal
Partner
Membership No. 402631

For and on behalf of the Board of Directors of
LAVA International Limited
CIN: U32201DL2009PLC188920

Hari Om Rai
Chairman & Managing Director
(BIN - 01191443)

Asitava Bose
Chief Financial Officer

Shailendra Nath Rai

Shailendra Nath Rai
Whole-Time Director
(DIN-00908417)

Bharat Mishra

Bharat Mishra
Company Secretary
(M. No. - ACS-35437)

Place : Noida
Date: September 18, 2021



Place: Gurugram
Date: September 18, 2021

Lava International Limited
Notes to the Financial Statements for the year ended 31 March 2021
(All amounts in Indian Rupees Million unless otherwise stated)

1. Corporate information

Lava International Limited (the 'Company') is engaged in trading and manufacturing of mobile phones, storage devices and other wireless telecommunication devices. The Company is a public company domiciled in India and is incorporated under the provisions of Companies Act applicable in India as on 27th March, 2009. The registered office of the Company is located in Karampura, Delhi and the principal place of business is Noida, Uttar Pradesh. The Company has an in-house research and development center and manufacturing facilities in Noida.

The financial statements were authorised for issue in accordance with a resolution of the directors on 18th September, 2021.

2. Basis of preparation

a. Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended thereafter notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

b. Basis of measurement

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. The financial statements have been prepared on the historical cost basis except for the following items:

- Investments in equity instruments of other entities (at fair value through other comprehensive income)
- Investment in mutual funds (at fair value through profit or loss)
- Derivative financial instruments (at fair value through profit or loss)

c. Use of estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates are recognized prospectively in current and future periods. Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

Significant estimates

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets. Carrying amount of property, plant and equipment and intangible assets are disclosed in Note 3 and Note 4 respectively.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may impact the DBO amount and the annual defined benefit expenses. Carrying amount of defined benefit obligations are disclosed in Note 29.

Provisions for warranties – A provision is estimated for expected warranty in respect of products sold during the year on the basis of a technical evaluation and past experience regarding failure trends of products and costs of rectification or replacement. Carrying amount of provision is disclosed in Note 12.

Significant judgments

Contingent liabilities – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Impairment of financial assets – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.



Lava International Limited
Notes to the Financial Statements for the year ended 31 March 2021
(All amounts in Indian Rupees Million unless otherwise stated)

Recent Accounting Developments

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021. MCA issued notifications dated 24th March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1st April, 2021.

2.1 Summary of significant accounting policies

(a) Current vs Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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

A liability is current when:

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

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

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

Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(b) Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses if any. Cost directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the management.

ii. Subsequent expenditure

Subsequent costs are capitalised on the carrying amount or recognised as a separate asset, as appropriate, only when future economic benefits associated with the item are probable to flow to the Company and cost of the item can be measured reliably. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Company recognises such parts as separate component of assets. All repair and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss on the date of disposal or retirement.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under the non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work in progress'.



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iii. Depreciation

Depreciation on property, plant and equipment is provided on a straight-line basis over the estimated useful lives of the assets as below:-

Assets	Useful Lives
Office Equipment	5 Years
Furniture and fixtures*	5 Years
Demonstration Fixtures*	2 Years
Vehicles*	5 Years
Computer and Components*	3 Years
Plant and Machinery*	
Jigs	1 Years
Other Plant and Machinery	5,15 Years
Electrical Installations	10 Years

*Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives for these assets are different from useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Leasehold Improvements are amortized over the lease term or 10 years whichever is less.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

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

(c) Intangible assets

i. Recognition and initial measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Amortization

The useful lives of intangible assets is assessed as finite as stated below and the assets are amortised over their useful lives and assessed for impairment whenever there is an indication that an intangible asset may be impaired.

Assets	Useful Lives
Computer software (over license period)	1-5 Years
Internally generated software	5 Years

The amortization period and the amortization method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:



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- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits.
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of one to five years. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

(d) Leases

The Company adopted Ind AS 116 using the Modified retrospective method of adoption, with the date of initial application on 1 April 2019. The Company has recognised a lease liability on initial application (i.e. April 1, 2019) at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset 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 plus any initial direct costs incurred. 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 (Refer note 38).

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.

The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

(e) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.



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(f) Financial instruments

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

Financial assets

Recognition and initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

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

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

This category is most applicable to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is considered only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. This category is applicable to investments in mutual funds.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss (P&L). Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.



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Equity Investments

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

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

Equity instruments included within the FVTPL category are measured at fair value. All changes in fair value including dividend are recognized in the statement of profit and loss.

De-recognition

A financial asset is de-recognised only when

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

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

- a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b. Loan commitments which are not measured as at FVTPL

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

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

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

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

The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward



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looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. For the financial assets measured as at amortised cost, contractual revenue receivables, ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and Compulsory Convertible Preference Shares, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

De-recognition

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



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Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest

Offsetting financial instruments

Financial asset and financial liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(g) Derivative financial instrument

The Company uses derivative financial instruments i.e., forward and futures currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss. The Company has not applied hedge accounting.

(h) Fair value measurement

The Company measure its financial instruments such as derivative at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (Unadjusted) marked prices in the active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management or its expert verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents



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(i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(j) Revenue recognition

Ind AS 115 – “Revenue from Contracts with Customers” has been notified by MCA with effect from 1st April 2018, vide its notification dated 28 March, 2018 which supersedes Ind AS 18 – “Revenue” and related Appendices.

We account for revenue in accordance with Ind AS 115 “Revenue from Contracts with customers” using the modified retrospective method.

The Company has recognize revenue in accordance with Ind AS 115 by applying the following 5 steps:

- Identify the contracts with the customers,
- Identify the separate performance obligations,
- Determine the transaction price of the contract,
- Allocate the transaction price to each of the separate performance obligations, and
- Recognize the revenue as each performance obligation is satisfied.

Sale of Goods

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services.

Revenue mainly comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company’s activities. Revenue is shown net of GST, returns, sales incentives and discounts.

The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks

The Company accounts for volume discount for pricing incentives to customers as a reduction of revenue based on estimate of applicable discount/incentives.

Sale of Services

Revenue from sales of services is from installation of third party mobile applications in the handset and is recognized by reference to the stage of completion, net of GST. Stage of completion is measured by reference to services performed to date as a percentage of total services to be performed.

Interest

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividend Income

Dividend Income is recognised when the Company’s right to receive the amount has been established.

Incentive Income

Company has recognized incentive income in form of, Merchant export incentive income (MEIS), Duty drawback income based on export made, UPSDM income based on training given to apprentice.



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Disaggregation of Revenue

See Note 29 (Segment Reporting) to Standalone Financial Statements for our disaggregated revenues.

Contract Balances:

Trade Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional.

Contract Assets

A contract asset is a right to consideration that is conditional upon factors other than the passage of time.

During financial year 2020-21, out of Rs. 20.27 million contract assets as on March 31, 2020, invoicing for 94.03% has been done and Rs.1.21 million is pending for invoicing.

Balance as at March 31, 2020	20.27 million
Deduction on account of Reclassified to receivable	(90.35) million
Recognized as revenue during the year	60.03 million
Balance as at March 31, 2021	10.04 million

Contract Liabilities

A Contract liabilities is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Balance as at March 31, 2020	589.80 million
Deduction on account of revenues recognized during the year	(378.72) million
Addition on account of transaction	135.98 million
Balance as at March 31, 2021	347.06 million

Changes in the contract asset and liability balances during current year, were a result of normal business activity and not materially impacted by any other factors.

(k) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates i.e. the "functional currency". These financial statements are presented in Indian rupees, which is also the functional currency of the Company.

(ii) Transactions and balances

Foreign currency transactions are recorded in functional currency at the exchange rates prevailing at the date of transaction. Exchange differences arising on settlement of transactions, are recognised as income or expense in the year in which they arise.

At the balance sheet date, all monetary items denominated in foreign currency, are reported at the exchange rates prevailing at the balance sheet date and the resultant gain or loss is recognised in the statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss, are also recognised in OCI or statement of profit and loss, respectively).

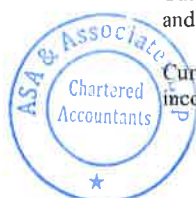
(l) Income taxes

Current income tax

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

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

Current income tax relating to items recognised outside statement of profit and loss is recognised 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.



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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. Payments of tax as per Minimum Alternative Tax (MAT) is included as part of current tax in statement of profit and loss.

Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements as at reporting date. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside statement of profit and loss is recognised either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

MAT is applicable to the Company. Credit of MAT is recognised as deferred tax asset only when it is probable that taxable profit will be available against which the credit can be utilised. 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 statement of profit and loss account. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is no longer probable that the Company will pay normal income tax during the specified period.

(m) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when an employee renders the related service. The Company has no obligation, other than the contribution payable to the provident fund.

The Company operates an unfunded defined benefit gratuity plan for its employees. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end, using the projected unit credit method and charged to statement of profit and loss. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Accumulated leave is treated as short-term employee benefit as the Company has no unconditional right to defer the liability. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss.



Lava International Limited
Notes to the Financial Statements for the year ended 31 March 2021
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(n) Provisions and Contingent Liabilities

Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Decommissioning liability

The Company records a provision for decommissioning costs of a leased facility. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(o) Earnings per share

Basic EPS amounts are calculated by dividing the profit or loss for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit or loss attributable to equity holders of the Company (after adjusting the corresponding income/charge for dilutive potential equity shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

(p) Segment reporting

Identification of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Only those business activities are identified as operating segment for which the operating results are regularly reviewed by the CODM to make decisions about resource allocation and performance measurement.

Inter-segment transfers

The Company generally accounts for inter-segment sales and transfers at cost plus appropriate margins.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.



Lava International Limited
Notes to the Financial Statements for the year ended 31 March 2021
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(q) Share based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using Black Scholes Option Pricing Model.

That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest because service conditions have not been met.

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(r) Borrowing costs

Borrowing costs to the extent directly attributable to the acquisition/construction of assets that necessarily take substantial period of time to get ready for their intended use are capitalised along with the respective property, plant and equipment up to the date such asset is ready for use. Other borrowing costs are charged to the statement of profit and loss.

(s) Cash and cash equivalents

Cash and cash equivalent in the balance sheet and for the purpose of statement of cash flows comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. These do not include bank balances earmarked/restricted for specific purposes.

(t) Equity investments (in subsidiaries, associates and joint venture)

Investments in subsidiaries, associates and joint venture are carried at cost less accumulated impairment losses, if any in separate financial statements. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

(u) Measurement of Earnings before Interest, tax, depreciation and amortization (EBITDA)

Ind AS compliant Schedule III allows line items, sub-line items and sub-totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the Company's financial position /performance.

Accordingly, the Company has elected to present earnings before net finance cost, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, interest income, finance costs, and tax expense.



LAVA International Limited
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3 Property, plant & equipment

Particulars	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Vehicles	Demonstration fixtures	Leasehold improvements	Electrical installations	Total	Capital work-in-progress*
Gross Block										
As at 31 March 2019	608.98	43.56	85.54	186.55	11.07	127.76	423.56	4.04	1,491.06	-
Additions	26.39	0.60	1.17	2.93	-	-	0.51	-	31.60	20.69
Disposals	25.39	3.64	5.28	31.74	-	-	49.34	3.25	118.64	0.00
As at 31 March 2020	609.98	40.52	81.43	157.74	11.07	127.76	374.73	0.79	1,404.02	20.69
Additions	165.39	-	0.84	10.90	6.39	0.35	17.05	-	200.92	32.57
Disposals	4.16	1.96	7.97	12.46	-	-	4.42	-	30.97	20.51
Other adjustments	0.27	(1.77)	(0.56)	7.19	-	(0.00)	(2.99)	-	2.15	0.01
As at 31 March 2021	771.48	36.79	73.76	163.37	17.46	128.11	384.37	0.80	1,576.14	32.76
Accumulated Depreciation										
As at 31 March 2019	170.84	31.35	57.66	159.33	10.71	121.51	268.93	1.18	821.51	-
Charge for the Year	88.66	6.90	16.35	21.81	0.36	6.20	31.82	0.39	172.49	-
Disposals	24.41	3.42	3.89	31.70	-	-	48.49	1.44	113.35	-
As at 31 March 2020	235.09	34.83	70.12	149.44	11.07	127.71	252.26	0.13	880.65	-
Charge for the year	87.40	3.30	8.70	9.62	0.19	0.10	29.06	0.08	138.45	-
Disposals	0.97	1.89	7.91	12.47	-	-	4.42	-	27.66	-
Other adjustments	(0.45)	(1.26)	(4.71)	6.39	-	-	5.76	-	5.73	-
As at 31 March 2021	321.07	34.98	66.20	152.98	11.26	127.81	282.66	0.21	997.17	-
Net Block										
As at 31 March 2020	374.88	5.69	11.31	8.30	-	0.05	122.47	0.66	523.37	20.69
As at 31 March 2021	450.41	1.81	7.56	10.39	6.20	0.30	101.71	0.59	578.97	32.76

*Capital work-in-progress includes leasehold improvement and plant and machinery.

Note : Certain property, plant and equipment are hypothecated as collateral against borrowings, the details of which have been described in note 11.

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LAVA International Limited
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4 Intangible assets

	Computer softwares and licenses	Internally generated software	Total	Intangible assets under development
Gross Block				
As at 31 March 2019	205.16	124.01	329.17	-
Additions	-	-	-	-
Disposals	0.17	-	0.17	-
As at 31 March 2020	204.99	124.01	329.00	-
Additions	13.46	-	13.46	-
Disposals	-	-	-	-
Other adjustments	(2.06)	1.64	(0.42)	-
As at 31 March 2021	216.39	125.65	342.04	-
Accumulated Amortisation				
As at 31 March 2019	137.93	70.68	208.61	-
Charge for the year	36.19	29.65	65.84	-
Disposals	0.17	-	0.17	-
As at 31 March 2020	173.95	100.33	274.28	-
Charge for the year	31.54	21.55	53.09	-
Disposals	-	-	-	-
Other adjustments	(3.21)	3.22	0.01	-
As at 31 March 2021	202.28	125.10	327.38	-
Net Block				
As at 31 March 2020	31.04	23.68	54.72	-
As at 31 March 2021	14.11	0.55	14.66	-

5 Right of use asset (Refer note 37)

Particulars	Office building	Factory building	Warehouse Building	Total
Gross Block				
As at 31 March 2019	-	-	-	-
Additions	72.45	159.15	11.55	243.15
Disposals	-	-	-	-
As at 31 March 2020	72.45	159.15	11.55	243.15
Additions	-	-	-	-
Disposals	9.64	-	8.86	18.50
As at 31 March 2021	62.81	159.15	2.69	224.65
Accumulated Depreciation				
As at 31 March 2019	-	-	-	-
Charge for the year	11.47	21.82	1.68	34.97
Disposals	-	-	-	-
As at 31 March 2020	11.47	21.82	1.68	34.97
Charge for the year	11.47	21.82	1.68	34.97
Disposals	4.36	-	2.57	6.93
As at 31 March 2021	18.58	43.64	0.79	63.01
Net Block				
As at 31 March 2020	60.98	137.33	9.87	208.18
As at 31 March 2021	44.23	115.51	1.90	161.64

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LAVA International Limited
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6 Investment in subsidiaries and associate

	As at 31 March 2021		As at 31 March 2020	
	No of Units	Amount	No of Units	Amount
<i>Unquoted equity investments fully paid-up</i>				
Investments in equity instruments of subsidiaries (at cost)				
Equity share of 1 HKD each fully paid up of Lava International (H.K.) Limited	10,000,000	57.48	10,000,000	57.48
Equity share of 1 HKD each fully paid up of Xolo International (H.K.) Limited	100,000	0.83	100,000	0.83
Equity shares of Rs. 10 each fully paid up of Lava Enterprises Limited	5,200,000	52.00	5,200,000	52.00
Equity shares of Rs. 10 each fully paid up of Sojo Manufacturing Services Private Limited	2,219,000	22.19	2,219,000	22.19
Equity shares of Rs. 10 each fully paid up of Sojo Manufacturing Services (A.P.) Private Limited	3,959,000	39.59	3,959,000	39.59
Equity shares of Rs. 10 each fully paid up of Sojo Distribution Private Limited	9,000	0.09	9,000	0.09
Equity shares of Rs. 10 each fully paid up of Sojo Infotel Private Limited (Refer Note 30)	-	-	9,000	0.09
Equity shares of 1000 AED each fully paid up of Lava Technologies DMCC	18,350	339.41	18,350	339.41
Equity shares of 0.0001 USD each fully paid up of Lava Technologies L.L.C.	4,000,000,000	28.79	4,000,000,000	28.79
Investments in equity instruments of associate (at amortised cost)				
Equity share of Rs. 10 of MagicTel Solutions Private Limited	2,500	0.03	2,500	0.03
		540.41		540.50

7 Financial assets

7 (a) Non-current investments (unquoted)

	As at 31 March 2021		31 March 2020	
	No of Units	Amount	No of Units	Amount
Investments in equity instruments of other entities (at fair value through other comprehensive income)				
Equity Share of .001 SGD each fully paid up of Abhriya Pte. Ltd.*	63,860	-	63,860	-
		-		-
Aggregate amount of unquoted investment		-		-

*As at 31 March 2021, the Company has fair valued the investment at Nil (31 March 2020 - Nil) amount as there is no future economic benefit expected from the investment.

7 (b) Current investments

	As at 31 March 2021		31 March 2020	
	No of Units	Amount	No of Units	Amount
Investment in Mutual funds (Quoted)(at fair value through profit or loss)				
Union Capital Protection Oriented Fund - Series 8	-	-	2,000,000	20.69
LIC MF - Ultra Short Term Funds - Regular Plan Growth	9,471	10.00		
		10.00		20.69
Aggregate book value of quoted investment		10.00		20.69
Aggregate market value of quoted investment		10.00		20.69

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LAVA International Limited
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(All amounts in Indian Rupees Million unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
7 (c) Trade receivables		
Unsecured		
- Considered good	7,683.21	8,334.09
- Receivables from related parties, considered good (refer note 30)	433.64	483.98
- Considered doubtful	49.04	54.06
	8,165.89	8,872.13
Less :		
- Provision for doubtful debts	(49.04)	(54.06)
- Provision for Expected Credit Loss (ECL)	(728.80)	-
	7,388.05	8,818.07

For terms and conditions relating to trade receivables (refer note 27)

To comply with the requirement of Ind AS 109 - Financial Instruments, the company has created total ECL of Rs. 728.80 million, out of which Rs. 474.80 million pertains to earlier financial years. As it was impracticable to ascertain the ECL for each of respective earlier financial year, therefore, Rs. 355.29 million (net of deferred tax asset of Rs 119.51 million), in compliance with the requirements of para 44 of Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, has been adjusted to the retained earnings. ECL of Rs. 254.00 million pertains to the FY 2020-21 and has been recognised as expense for the year.

	As at 31 March 2021	As at 31 March 2020
7 (d) Cash and cash equivalents		
Balances with banks:		
On current accounts	110.69	34.13
Deposits with original maturity of less than three months # (Refer footnote to note 7(h))	68.31	81.27
Cash on hand	2.08	7.95
	181.08	123.35

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

	As at 31 March 2021	As at 31 March 2020
7 (e) Other bank balances		
Deposits with bank for more than three months but less than twelve months (Refer footnote to note 7(h))	1,612.66	1,301.75
	1,612.66	1,301.75

	As at 31 March 2021	As at 31 March 2020
7 (f) Loans (Non-Current)		
Security deposits		
- Considered good	25.33	26.09
- Considered doubtful	4.92	-
	30.25	26.09
Less: Provision for doubtful deposits	(4.92)	-
	25.33	26.09

	As at 31 March 2021	As at 31 March 2020
7 (g) Loans (Current)		
Security deposits	6.58	6.61
	6.58	6.61

	As at 31 March 2021	As at 31 March 2020
7 (h) Other financial asset (Non-Current)		
Unsecured, considered good unless stated otherwise		
Bank deposits with remaining maturity of more than twelve months #	1.06	0.86
Interest accrued on bank deposits	0.43	0.31
	1.49	1.17

Includes margin money deposits under lien (refer note 7 (d) ,note 7 (e) and ,note 7 (h)):-

- against letter of credit facility and bank guarantees	915.46	648.31
- against amount paid under protest (excluding interest accrued) (refer note 31(B)(b)(i))	300.00	300.00



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LAVA International Limited
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7 (i) Other financial assets (Current)

	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good unless stated otherwise		
Interest accrued on bank deposits	123.38	149.23
Derivative asset	-	5.78
Others receivables		
- Considered good*	858.72	825.18
	982.10	980.19

* Includes other receivables from related parties amounting to Rs.220.39 million (31 March 2020 : Rs 222.39 million). Refer note 30 for details.

8 Inventories

(Valued at lower of cost or net realisable value)

	As at 31 March 2021	As at 31 March 2020
Raw materials and components (refer note 1 & 2 below)	1,449.80	649.37
Finished goods (refer note 2 below)	922.53	242.28
Traded goods (refer note 2 below)	102.06	31.52
Spares (refer note 2 below)	789.17	949.25
	3,263.56	1,872.42
Note 1 including stock in transit		
- Raw materials and components	230.09	99.58
- Spares	162.94	-
Note 2 The above inventory is net of :-		
a) Write down of inventory from cost to net realisable value		
Finished goods	11.22	3.62
Traded goods	5.29	4.79
Spares	58.13	108.93
b) Write down of inventory for obsolescence		
Finished goods	5.41	3.09
Traded goods	4.53	4.69
Spares	102.40	108.97
Raw materials and components	5.38	-

9 (a) Other assets (Non-Current)

Unsecured, considered good, unless otherwise stated

	As at 31 March 2021	As at 31 March 2020
Capital advances	50.78	57.42
Prepaid expenses	0.15	0.02
	50.92	57.44

9 (b) Other assets (Current)

Unsecured, considered good, unless otherwise stated

	As at 31 March 2021	As at 31 March 2020
Prepaid expenses	39.17	17.36
Balance with statutory/ government authorities (refer note 31 (B) & 34)	722.46	1,261.32
Advances to vendors		
- Considered good	1,355.32	1,221.22
- Advances to related parties, considered good (refer note 30)	101.96	299.29
- Considered doubtful	56.18	65.48
	1,513.46	1,585.99
Less: Provision for doubtful advances	(56.18)	(65.48)
	1,457.28	1,520.51
Others	86.40	117.51
Total (A + B + C + D)	2,305.31	2,916.70

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10 Equity Share capital and Instruments entirely equity in nature

	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
147,900,000 (31 March 2020 : 147,900,000) equity shares of Rs. 10 each	1,479.00	1,479.00
100,000 (31 March 2020 : 100,000) Compulsory Convertible Preference Shares (CCPS) of Rs. 10/- each	1.00	1.00
500,000 (31 March 2020 :500,000) Compulsory Convertible Preference Shares (CCPS) of Rs. 100 each	50.00	50.00
	1,530.00	1,530.00
Issued, subscribed and fully paid-up share capital		
124,866,902 (31 March 2020 : 124,866,902) equity shares of Rs.10 each	1,248.67	1,248.67
100,000 (31 March 2020 : Nil) Compulsory Convertible Preference Shares (CCPS) of Rs. 10/- each. *	1.00	-
500,000 (31 March 2020 :500,000) Compulsory Convertible Preference Shares (CCPS) of Rs. 100 each	50.00	50.00
Total issued, subscribed and fully paid-up share capital	1,299.67	1,298.67

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

Equity shares

	Amount		No of Shares	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
At the beginning of the year	1,248.67	1,248.67	124,866,902	124,866,902
Outstanding at the end of the year	1,248.67	1,248.67	124,866,902	124,866,902

Instruments entirely equity in nature -

Compulsory Convertible Preference Shares (CCPS)

	Amount		No of Shares	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
At the beginning of the year	50.00	50.00	500,000	500,000
Transfer during the year	1.00	-	100,000	-
Outstanding at the end of the year	51.00	50.00	600,000	500,000

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share and dividends in proportion to their shareholding. 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

Terms/ rights attached to Compulsory Convertible Preference Shares (CCPS)

- i. During financial year 2017-18, the Company has issued 500,000 Compulsory Convertible Preference Shares (CCPS) of Rs. 100 each. The preference shares shall collectively be entitled to dividend of 0.0001% of the aggregate face value of the preference shares.
As per the terms of Subscription and Shareholders Agreement, the preference shares may be converted, at any time at the discretion of the CCPS holder, into fixed number of equity shares (calculated at 3.48% of the share capital at funding date i.e. 8.32 number of equity shares per CCPS). If any of the preference shares have not been converted into equity shares within 19 years and 11 months, such remaining preference shares shall be automatically and compulsorily converted into such number of equity shares upon the expiry of such period.

- ii. During financial year 2017-18, the Company has issued 100,000 Compulsory Convertible Preference Shares (CCPS) of Rs. 10 each for a consideration of Rs. 520.00 million. The CCPS shall carry a coupon of 0.0001% and shall be non-cumulative in nature, which is to be declared at the discretion of the shareholder of the Company.
The preference shares may be converted into the equity shares at any time at the discretion of the CCPS holder, subject to the terms of the agreement. If any of the preference shares have not been converted to equity shares within 10 years from the allotment date, then such remaining preference shares shall be compulsorily converted into equity shares upon the expiry of such period.
The number of shares to be allotted upon conversion of CCPS shall be based upon the conversion price arrived at on the conversion date, as per below condition defined in the agreement. In the event company is not able to get listed on a recognised stock exchange within four years, the Company or Promoters shall buy-back or purchase all of the shares and CCPS held by CCPS holder at a price not less than the Sale Price. Sale Price shall be the Subscription Price and a return of 9% per annum compounded annually from Closing date till the date of purchase of all subscription shares or CCPS. In view of the same, the Company has accrued interest @ 9% every year. In response of the exercise the option available after 4 years, Company has to issue 13,42,208 equity shares against 1,00,000 CCPS.

* In the current year, based on the terms of Investment agreement, and confirmation of the number of shares to be issued, and price thereof, CCPS which was earlier classified under 'Long Term Borrowing' now meets the criterion of Equity and accordingly the amount has been reclassified as 'Instruments entirely equity in nature' and 'Security premium'

(c) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

	No of Shares	
	As at 31 March 2021	As at 31 March 2020
Equity shares allotted as fully paid bonus shares	122,785,785	122,785,785

(d) Details of shareholders holding more than 5% shares in the Company:*

Equity Shares of Rs. 10 each fully paid	No of Shares		Percentage shareholding	
	As at 31 March 2021	31 March 2020	As at 31 March 2021	31 March 2020
Hari Om Rai	45,083,890	45,083,890	36.11%	36.11%
Sunil Bhalla	28,390,372	28,390,372	22.74%	22.74%
Vishal Sehgal	22,104,352	22,104,352	17.70%	17.70%
Shailendra Nath Rai	11,746,028	11,746,028	9.41%	9.41%
Shibani Sehgal	7,260,720	7,260,720	5.81%	5.81%

*As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownerships of shares.

(e) The Company has not issued any shares pursuant to contract without payment being received in cash or bought back any shares during the period immediately preceding five years from the reporting date.

(f) Shares reserved for issue under options :

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 36.



11 Financial liabilities

11 (a) Long term borrowings

	As at 31 March 2021	As at 31 March 2020
Indian rupee term loan from banks (secured) (refer note I)	-	33.58
100,000 (31 March 2020 :100,000) Compulsory Convertible Preference Shares (CCPS) of Rs. 10/- each (refer note II)	-	520.00
	-	553.58

Current maturities of long term borrowings [refer note 11e & 11(a)(Note I)] 65.88 119.70

Note I:

(i) Indian rupee term loan from ICICI bank of Nil amount (31 March 2020: Rs. 34.88 million) which carried interest @ 11.15% p.a. (31 March 2020:11.80% p.a.) and repayable in thirty equal quarterly instalments with first payment commencing from the 7th month of date of disbursement. The loan was repaid by 15 April 2020. The loan was secured on first pari-passu charge basis by way of hypothecation of movable fixed assets (present and future) and further secured on second pari-passu charge basis by way of hypothecation of overall current assets (both present and future) of the Company. Further, the loan had been personally guaranteed by certain directors of the Company.

(ii) Indian rupee term loan from HDFC bank amounting to Rs. 57.11 million (31 March 2020: 119.42 million) which carries interest @ 8.80%-10.60% p.a. (31 March 2020:11.15% p.a.) and repayable in equal monthly instalments starting after 6 months from month of first disbursement. The loan is to be repaid by 6 November 2021. The loan is secured on first pari-passu charge basis by way of hypothecation of machinery and equipment purchased from the term loan and further secured on second pari-passu charge basis by way of hypothecation of overall current assets (current and future) of the Company. Further, the loan has been personally guaranteed by certain directors of the Company.

(iii) Indian rupee term loan has been obtained during the period from Punjab national bank (erstwhile United Bank Of India) amounting to Rs. 11.20 million. The amount outstanding against the said loan is Rs. 8.76 million (31 March 2020: Nil) which carries interest @ 8.25% p.a. (31 March 2020:Nil) and repayable in 18 equal monthly instalments after a moratorium period of 6 months from date of disbursement of loan. The loan is scheduled to be repaid by 31 March 2022. The loan is secured on first pari-passu charge basis by way of hypothecation overall current assets (current and future) of the Company. Further, the loan has been personally guaranteed by certain directors of the Company and their relatives.

Note II:

During financial year 2017-18, the Company has issued 100,000 Compulsory Convertible Preference Shares (CCPS) of Rs. 10 each for a consideration of Rs. 520.00 million. The CCPS shall carry a coupon of 0.0001% and shall be non-cumulative in nature, which is to be declared at the discretion of the shareholder of the Company.

The preference shares may be converted into the equity shares at any time at the discretion of the CCPS holder, subject to the terms of the agreement. If any of the preference shares have not been converted to equity shares within 10 years from the allotment date, then such remaining preference shares shall be compulsorily converted into equity shares upon the expiry of such period.

The number of shares to be allotted upon conversion of CCPS shall be based upon the conversion price arrived at on the conversion date, as per below condition defined in the agreement. In the event company is not able to get listed on a recognised stock exchange within four years, the Company or Promoters shall buy-back or purchase all of the shares and CCPS held by CCPS holder at a price not less than the Sale Price. Sale Price shall be the Subscription Price and a return of 9% per annum compounded annually from Closing date till the date of purchase of all subscription shares or CCPS. In view of the same, the Company has accrued interest @ 9% every year.

In the current year, based on the terms of Investment agreement and confirmation of the number of shares to be issued, and price thereof, CCPS which was earlier classified under 'Long Term Borrowing' now meets the criterion of Equity and accordingly the amount has been reclassified as 'Instruments entirely equity in nature' and 'Security premium'

11 (b) Short-term borrowings

	As at 31 March 2021	As at 31 March 2020
Short term loan (unsecured)	240.00	-
Cash credit from banks (secured)*	725.32	1,094.42
	965.32	1,094.42

*Secured by way of hypothecation on first pari-passu charge basis, on overall current assets of the Company (current and future) and collateral securities/personal guarantees of promoter directors and relative of promoter directors. The said loan is further secured:

(1) by way of a first charge of hypothecation on pari-passu basis, of existing and future movable fixed assets of the company excluding software and machineries/ assets created by way of term loans from other banks and financial institutions.

(2) by way of a second charge of hypothecation on pari-passu basis, of such existing and future movable fixed assets of the borrower such machineries/ other assets which are created by way of term loans from other banks and financial institutions.

The cash credit is repayable on demand and carries interest @ 10.75% per annum to 12.10% per annum.



LAVA International Limited
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	As at 31 March 2021	As at 31 March 2020
11 (c) Trade payables		
Trade payables (refer note 32 for amounts and details of dues to micro and small enterprises)	3,617.39	3,739.87
Payable to related parties (refer note 30)	0.22	72.46
	3,617.61	3,812.33
11 (d) Other financial liabilities (Non-current)		
Interest accrued on instruments entirely liability in nature (refer note 10(b)(ii))	-	120.40
Lease Liability (refer note 37)	162.60	199.96
	162.60	320.36
11 (e) Other financial liabilities (current)		
Current maturities of long term borrowings (refer note 11(a))	65.88	119.70
Payable for capital purchases	47.26	0.83
Security deposits	922.00	282.52
Interest accrued on borrowings	0.95	6.99
Employee payables	31.12	96.58
Derivative liability	5.15	-
Lease Liability (refer note 37)	23.75	24.11
	1,096.11	530.73
12 (a) Provisions (Non-Current)		
Provision for employee benefits		
Provision for gratuity (refer note 28)	48.53	42.96
Other provisions		
Provision for decommissioning liabilities #	3.02	3.02
	51.55	45.98
12 (b) Provisions (Current)		
Provision for employee benefits		
Provision for gratuity (refer note 28)	17.53	13.33
Provision for compensated absences	27.54	34.65
	45.07	47.98
Other provisions		
Provision for warranties*	118.78	110.02
	118.78	110.02
	163.85	158.00
* The Company provides warranty on it's products by giving an undertaking to repair/replace items to the customers, which fails to perform satisfactorily during the warranty period. Provision made represents the amount of the expected cost of meeting such obligations of repair/replacement. The timing of the outflows is expected to be in next 12 months (31 March 2020 : 12 months).		
	At the beginning of the year	200.84
	Arising during the year	142.64
	Less :Utilized /reversed during the year	(233.46)
	At the end of the year	118.02
# Under few operating lease agreements entered by the Company, it has to incur restoration cost for restoring lease premises to the original condition at the time of expiry of lease period. The timing of the outflows is expected to be in next 3 years. The impact of discounting is not considered material and hence ignored.		
	At the beginning of the year	4.30
	Arising during the year	(1.28)
	At the end of the year	3.02
13 Other current liabilities		
Advance from customers (refer note 30)	347.06	589.80
Tax deductible at source	17.21	11.11
Other statutory liabilities	29.92	16.12
	394.19	617.03
14 Current Tax Liabilities (net)		
Provision for income tax*	356.25	337.64
	356.25	337.64
*Net of advance tax and TDS receivable amounting to Rs. 2,920.77 million (31 March 2020: Rs. 2,743.03 million)		



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	For the year ended 31 March 2021	For the year ended 31 March 2020
15 Revenue from operations		
Sale of products (Refer Note 30)	15,924.77	17,899.17
Sale of services	228.00	1,319.36
Other operating revenues		
- Scrap sale	4.78	5.70
- Export incentives	9.27	52.87
Revenue from operations (net)	16,166.82	19,277.10
16 Other income		
Interest income on financial asset at amortised cost	1.35	6.44
Interest income on fixed deposits with banks	74.00	115.67
Net gain on sale of mutual fund investments	0.55	-
Fair value gain on derivative financial instruments at fair value through profit or loss	-	13.35
Gain/ (Loss) on Investment at fairvalue through profit or loss	2.00	-
Foreign exchange differences (net)	-	16.68
Profit on sale of property, plant and equipment	1.00	-
Miscellaneous income	19.57	13.81
	98.47	165.95
17 Cost of raw material and components consumed		
Inventory materials at the beginning of the year	649.37	909.80
Purchase during the year	12,367.17	11,045.84
Less: Inventory materials at the end of the year	(1,449.80)	(649.37)
Cost of raw material and components consumed*	11,566.74	11,306.27
*(net of CVD accrued including recoverable charges for delayed payment) (refer note 34)		
18 (Increase) / decrease in inventories		
Inventories at the end of the year		
Traded goods	102.06	31.52
Spares for handsets	789.17	949.25
Finished goods	922.53	242.28
	1,813.76	1,223.05
Inventories at the beginning of the year		
Traded goods	31.52	194.75
Spares for handsets	949.25	870.84
Finished goods	242.28	1,581.59
	1,223.05	2,647.18
(Increase) / decrease in inventories	(590.70)	1,424.13
19 Employee benefit expenses		
Salary, wages and bonus (refer note 30)	987.09	1,168.46
Contribution to provident and other funds	48.54	57.43
Gratuity expense (refer note 28)	15.23	14.35
Share based payment expense (refer note 36)	85.54	-
Staff welfare, recruitment and training	195.45	152.46
	1,331.85	1,392.70



LAVA International Limited
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	For the year ended 31 March 2021	For the year ended 31 March 2020
20 Other expenses		
Power and fuel	42.72	45.59
Rent	55.70	95.39
Rates and taxes	3.52	11.65
Insurance	11.32	12.24
Repair and maintenance - others	67.08	81.30
Advertisement and marketing expenses (refer note 30)	118.78	188.27
Sales promotion, Scheme expenses and ECL Provision [refer note 7(c) for ECL]	490.37	483.43
Freight and cartage	133.68	163.88
Outsourced salary cost	39.22	26.37
Travelling and conveyance	30.99	100.33
Communication costs	7.28	8.50
Warranty expenses	146.04	142.64
Legal and professional fees	144.56	117.40
Payment to auditor (refer details below)	3.95	4.80
Foreign exchange differences (net)	56.95	-
Corporate social responsibility expense (refer note 33)	35.65	4.00
Loss on sale of property, plant and equipment	-	3.27
Loss on sale of mutual fund investments	-	0.17
Fair value loss on derivative financial instrument at fair value through profit or loss	10.93	-
Loss on investment at fair value through profit or loss	-	0.92
Miscellaneous expenses	2.27	8.78
	1,401.01	1,498.93
	For the year ended 31 March 2021	For the year ended 31 March 2020
Payment to auditor *		
As auditor:		
Audit fee	3.60	4.50
Tax audit fee	0.35	0.30
	3.95	4.80

* Audit fees for the year ended 31 March 2020 relates to the previous auditor and for the year ended 31 March 2021 relates to the current auditor

	For the year ended 31 March 2021	For the year ended 31 March 2020
21 Depreciation and amortisation expense		
Depreciation expense		
- on Property, Plant & Equipment	138.45	172.49
- on ROU Asset	34.97	34.97
Amortisation expense on Intangible Assets	53.09	65.84
	226.51	273.30
	For the year ended 31 March 2021	For the year ended 31 March 2020
22 Finance costs		
Interest on		
-Term loan	14.05	27.85
-Cash credit	106.96	104.72
-Security deposits	7.36	3.86
-Instruments entirely liability in nature	-	46.93
-Income tax	47.10	12.93
-on Lease Liability (refer note 37)	24.98	27.11
Bank charges	84.64	85.48
	285.09	308.88

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23 Income tax

(a) The major components of income tax expense for the year ended as follows are:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Current income tax:		
Current income tax charge	332.56	179.35
Adjustments in respect of income tax of previous year	(30.80)	22.85
Deferred tax :		
Relating to origination and reversal of temporary differences	(197.34)	(31.23)
Total tax expense on profit of the year (a)	104.42	170.97
Other comprehensive income		
Deferred tax related to items recognised in other comprehensive income during in the year:		
- Re-measurement losses of defined benefit plan	(0.42)	(0.21)
Total tax expense on other comprehensive income of the year (b)	(0.42)	(0.21)
Total tax expense on total comprehensive income of the year (a) + (b)	104.00	170.76

(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit before tax	518.82	419.02
Applicable tax rate	25.17%	34.94%
Expected tax expense (A)	130.59	146.42
Expenses not considered in determining taxable profit	34.71	-
Income not considered in determining taxable profit	(3.93)	(11.10)
Impact of deduction u/s 80JJAA	-	(11.44)
Tax pertaining to earlier years	(30.80)	22.85
Others	(26.70)	24.25
Total adjustments (B)	(26.72)	24.55
Actual tax expense { C= A+B}	103.86	170.97
Tax expense recognised in statement of profit and loss	104.42	170.97

(c) Deferred tax

Deferred tax relates to the following:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Deferred tax assets on account of:		
Property, plant and equipment	(82.04)	(98.70)
Employee benefits and other payable	(23.56)	(31.77)
Provision for ECL & doubtful Advances (refer note 7(c))	(209.92)	(41.77)
Provision for obsolescence inventories	(14.00)	-
Fair valuation of investment	-	(0.32)
Others	-	(0.73)
Deferred tax related to other comprehensive income of the year:		
Re-measurement losses of defined benefit plan	3.77	4.19
Change in fair value of FVTOCI equity instruments	(2.31)	(2.31)
Deferred tax liability on account of:		
Tax on custom duty to be paid in future years (Refer Note 34)	98.58	259.70
Fair valuation of investment	0.50	-
Net deferred tax liability/ (Asset) including other comprehensive income of the year	(228.98)	88.28



Movement in deferred tax assets for the year ended 31 March 2021

	As at 31 March 2020	Recognised in Retained earnings	Recognised in other comprehensive income	Recognised in profit and loss	As at 31 March 2021
Property, plant and equipment	(98.70)	-	-	16.66	(82.04)
Employee benefits and other payable	(31.77)	-	-	8.22	(23.56)
Provision for ECL & doubtful Advances [Refer note 7(c)]	(41.77)	(119.51)	-	(48.64)	(209.92)
Provision for obsolescence inventories	-	-	-	(14.00)	(14.00)
Fair valuation of investment	(0.32)	-	-	0.82	0.50
Others	(0.73)	-	-	0.73	-
Tax on custom duty to be paid in future years (Refer Note 34)	259.70	-	-	(161.12)	98.58
Others	-	-	-	-	-
Deferred tax related to other comprehensive income of the year:					
Re-measurement losses of defined benefit plan	4.19	-	(0.42)	-	3.77
Change in fair value of FVTOCI equity instruments	(2.31)	-	-	-	(2.31)
Total	88.28	(119.51)	(0.42)	(197.33)	(228.98)

Movement in deferred tax assets for the year ended 31 March 2020

	As at 31 March 2019	Recognised in other comprehensive income	Recognised in profit and loss	As at 31 March 2020
Property, plant and equipment	(72.81)	-	(25.89)	(98.70)
Employee benefits and other payable	(48.68)	-	16.91	(31.77)
Provision for doubtful debts and advances	(30.83)	-	(10.94)	(41.77)
Provision for obsolescence inventories	(19.44)	-	19.44	-
Fair valuation of investment	1.17	-	(1.49)	(0.32)
Tax on custom duty (43b) to be paid in future years (Refer Note 34)	291.17	-	(31.47)	259.70
Others	(2.94)	-	2.21	(0.73)
Deferred tax related to other comprehensive income of the year:				
Re-measurement losses of defined benefit plan	4.40	(0.21)	-	4.19
Change in fair value of FVTOCI equity instruments	(2.31)	-	-	(2.31)
Total	119.73	(0.21)	(31.23)	88.29

24 Earnings per share (EPS)

The computation of earnings per share is as follows:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Nominal value of equity shares	10	10
Profit attributable to equity shareholders for computing basic and dilutive EPS (A)	414.40	248.05
Weighted average number of equity shares outstanding during the year for computing Basic EPS (B)*	124,866,902	124,866,902
Dilutive effect of share based payments on weighted average number of equity shares outstanding during the year	6,375,147	6,375,147
Dilutive effect of compulsory convertible preference shares on weighted average number of equity shares outstanding during the year	5,689,744	5,689,744
Weighted average number of equity shares outstanding during the year for computing Diluted EPS (C)	136,931,793	136,931,793
Basic earning per share (A/B)	3.32	1.99
Diluted earning per share (A/C)	3.03	1.81
Adjusted Basic Earning per share *	0.83	0.50
Adjusted Diluted Earning per share *	0.76	0.45

* After the year end, but before issuance of financial statements, the Company has given effect to stock split by way of split of Face Value of equity shares from Rs. 10/- to Rs. 5/-. Also, the company has issued bonus shares to the equity shareholder's in the ratio of 1:1. Adjusted EPS has been calculated as per the requirement of Para 64 of Ind AS 33 - Earnings Per Share.

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Lava International Limited

Notes to standalone financial statements for the year ended 31 March 2021

(All amounts in Indian Rupees Million unless otherwise stated)

25 Fair value measurement

a) The carrying value and fair value of financial instruments by categories are as under:

	Notes	31 March 2021			31 March 2020		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Assets							
Non-current assets							
Financial assets							
Investments	7 (a)	-	-	-	-	-	-
Loans	7 (f)	-	-	25.33	-	-	26.09
Other financial asset	7 (h)	-	-	1.49	-	-	1.17
		-	-	26.82	-	-	27.26
Current assets							
Financial assets							
Investments	7 (b)	10.00	-	-	20.69	-	-
Trade receivables	7 (c)	-	-	7,388.05	-	-	8,818.07
Cash and cash equivalents	7 (d)	-	-	181.08	-	-	123.35
Other bank balances	7 (e)	-	-	1,612.66	-	-	1,301.75
Loans	7 (g)	-	-	6.58	-	-	6.61
Derivative asset	7 (i)	-	-	-	5.78	-	-
Others	7 (i)	-	-	982.10	-	-	974.35
		10.00	-	10,170.47	26.47	-	11,224.13
Liabilities							
Non-current liabilities							
Financial liabilities							
Borrowings	11 (a)	-	-	-	-	-	553.58
Other financial liabilities	11 (d)	-	-	162.60	-	-	320.36
		-	-	162.60	-	-	873.94
Current liabilities							
Financial liabilities							
Borrowings	11 (b)	-	-	965.32	-	-	1,094.42
Trade payables	11 (c), 32	-	-	3,617.61	-	-	3,812.33
Derivative liabilities	11 (e)	5.15	-	-	-	-	-
Other financial liabilities	11 (e)	-	-	1,090.96	-	-	530.73
		5.15	-	5,673.89	-	-	5,437.48

The fair values of trade receivables, cash and cash equivalents, other current financial asset, trade payables and other current financial liabilities are considered to be same as their carrying values due to their short term nature.

The carrying amounts of other items carried at amortised cost are reasonable approximation of their fair values on respective reporting date. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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25 b) Fair value hierarchy and valuation techniques used to determine fair values:

To provide an indication about the reliability of inputs used in determining fair value, the Company has classified its financial instrument into three levels prescribed under the accounting standard. The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as :

At 31 March 2021	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets measured at FVTPL				
Investment in mutual funds	10.00	-	-	10.00
Assets measured at FVTOCI				
Investment in equity instruments*	-	-	-	-
Liability measured at FVTPL				
Derivative liabilities	-	5.15	-	5.15
At 31 March 2020	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets measured at FVTPL				
Investment in mutual funds	20.69	-	-	20.69
Assets measured at FVTOCI				
Investment in equity instruments*	-	-	-	-
Assets measured at FVTPL				
Derivative asset	-	5.78	-	5.78

* Investment in Abhriya Pte. Ltd. has been valued at zero value i.e. at fair value and it has been shown in other reserve amounting to Rs 7.69 million in Reserve and surplus.

- There were no transfers between the Level 1, Level 2 and Level 3 during the years presented.
- There is no change in the valuation technique during the year.

Valuation techniques used to derive Level 1 fair values

The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors

Valuation techniques used to derive Level 2 fair values

Derivative asset/liability representing forward foreign exchange contracts have been fair valued using dealer/counter party quotes at balance sheet date.

Valuation techniques used to derive Level 3 fair values

Inputs for the assets or liabilities that are not based on observable market data. A one percent change in the unobservable inputs used in fair valuation of Level 3 assets doesn't have a significant impact in its value.

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26 Capital management

The Company's objectives while managing capital are to safeguard its ability to continue as a going concern and to provide adequate returns for its shareholders and benefits for other stakeholders. The Company's policy is generally to optimise borrowings at an operating Company level within an acceptable level of debt. The Company's policy is to borrow using a mixture of long-term and short-term debts together with cash generated to meet anticipated funding requirements.

The Company monitors capital using a gearing ratio, which is calculated as underlying net debt divided by total capital plus underlying net debt. The Company's policy is to keep the gearing ratio below 40%. The Company measures its underlying net debt as total debt reduced by cash and cash equivalents. The Company monitors compliance with its debt covenants. The Company has complied with all debt covenants at all reporting dates.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020 .

Particulars	31 March 2021	31 March 2020
Borrowings	1,031.20	1,767.70
Less: Cash and cash equivalents	(181.08)	(123.35)
Net debt (a)	850.12	1,644.35
Equity	10,577.00	9,913.58
Total capital (b)	10,577.00	9,913.58
Capital and net debt (a) + (b) = (c)	11,427.12	11,557.93
Gearing ratio (%) (a) / (c)	7.44%	14.23%

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27 Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and overdrafts, and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables, cash, and short-term deposits, which arise directly from its operations. The Company also holds mutual fund investments and enters into derivative transactions.

The main risks arising from the Company's financial instruments are price risk, interest rate risk, liquidity risk, foreign currency risk, and credit risk. The Board of Directors review and agree policies for managing each of these risks which are summarised below.

Price risk

The Company is mainly exposed to the price risk due to its investment in equity instruments and mutual funds. The price risk arises due to uncertainties about the future market values of these investments. In order to manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio in accordance with the limits set by the risk management policies. The Company does not have significant investment in equity instruments.

Set out below is the impact of a 1 % movement in the NAV of mutual funds on the Company's profit before tax:

Particulars	31 March 2021	31 March 2020
Effect on profit before tax:		
NAV increase by 100 bps	0.10	0.21
NAV decrease by 100 bps	(0.10)	(0.21)

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates. The Company's policy is to manage its interest cost using a mix of fixed, floating rate borrowings.

The following table provides a breakdown of the Company's fixed and floating rate borrowings:

Particulars	31 March 2021	31 March 2020
Fixed rate borrowings	0.00	520.00
Floating rate borrowings	1,031.20	1,247.70
Total	1,031.20	1,767.70

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, being a 0.5% increase or decrease in interest rate, with all other variables held constant, of the Company's profit before tax due to the impact on floating rate borrowings.

Particulars	31 March 2021	31 March 2020
Effect on profit before tax:		
PLR* - decrease by 50 bps	5.16	6.23
PLR* - increase by 50 bps	(5.16)	(6.23)

*Prime Lending Rate ('PLRs') set by individual Indian banks in respect of their loans.

Credit risk

The Company is also exposed to credit risk from trade receivables, term deposits, liquid investments and other financial instruments.

(i) Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. All customers are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis. The Company is exposed to credit risk in the event of non-payment by customers. An impairment analysis is performed at each reporting date by grouping the receivables in homogeneous group. Trade receivables are non-interest bearing and are generally on original credit terms of 30 to 180 days depending upon category and nature of customers. Considering the request of certain distributors for becoming more competitive under the current market scenario and to enhance the overall market share, the management has decided to extend the credit terms on case-to-case basis to its distributors which shall be helpful to penetrate the potential opportunities of enhancing the overall market share. For this purpose, the management has done credit evaluation on the distributors based on their business relationships with the Company and the market credibility as well as established a mechanism of monitoring the availability and marketability of inventory levels lying with the retailer network.

Trade receivables (refer note 7(c)) include amounts (see below for aged analysis) of Rs. 7413.93 million (31 March 2020 : Rs. 5566.26) with the extended credit period at the reporting date. To ensure the recovery in such cases, the Company keeps monitoring the stocks levels lying with the distributors and in the market with the retail network through its field sales forces. The Company territory managers are ensuring that the stocks available in the retail market are in marketable position and are also monitoring the movement of products, which helps the Company to keep the overall control that the recoveries are certain and not dependent only upon the financial strength of any distributor. In the post COVID scenario, the Company expects to benefit from the Atmanirbhar Bharat (self-reliant India) initiatives of the government of India, the increased thrust on manufacturing in India resulting in enhanced competitiveness of its products which in turn shall be helpful to the Company's distributors to reduce the inventory levels and achieve higher sales. Considering the above, the Company is confident of the recoveries of its dues with extended credit period and the management is of the view that these amounts are completely recoverable within the extended credit period. Based on their credit evaluation, management considers these trade receivables as high quality and accordingly, no life time expected credit losses are recognized on such receivables. The Company considers that trade receivables are not credit impaired as these are receivable from credit worthy counterparties. To comply with the requirement of Ind AS 109 - Financial Instruments, the company has created total ECL of Rs. 728.80 million, out of which Rs. 474.80 million pertains to earlier financial years. As it was impracticable to ascertain the ECL for each of respective earlier financial year, Rs. 355.29 million (net of deferred tax asset of Rs 119.51 million), in compliance with the requirements of para 44 of IND AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, has been adjusted to the retained earnings. ECL of Rs. 254.00 million pertains to the FY 2020-21 and has been recognised as expense for the year. For terms and conditions relating to related party receivables, refer note 30.

(ii) The credit risk for cash and cash equivalents, other bank balances, term deposits, etc. is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Ageing based on original credit terms but not impaired receivables is as follows:

Particulars	31 March 2021	31 March 2020
0-180 days	751.96	3,305.87
180-365 days	1,445.15	2,677.60
1 year plus	5,968.79	2,888.66
Total	8,165.89	8,872.13

The Company has provisions of Rs. 49.04 million (31 March 2020 : Rs. 54.06 million) for doubtful debts. None of these trade debtors past due or impaired have had their terms renegotiated. The maximum exposure to credit risk at the reporting date is the fair value of each class of debtors presented in the financial statements.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

Liquidity risk

The Company monitor their risk of shortage of funds using cash flow forecasting models. These models consider the maturity of their financial investments, committed funding and projected cash flows from operations.

The Company's objective is to provide financial resources to meet its business objectives in a timely, cost effective and reliable manner. A balance between continuity of funding and flexibility is maintained through the use of bank borrowings. The Company also monitors compliance with its debt covenants. The maturity profile of the Company's financial liabilities based on contractual undiscounted payments is given in the table below:

	<1yr	1-5 yrs	>5 yrs	Total
As at 31 March 2021				
Borrowings (including interest accrued)	1,032.15	-	-	1,032.15
Compulsory Convertible Preference Shares (CCPS) (including interest accrued)	-	-	-	-
Trade payables	3,617.61	-	-	3,617.61
Derivative liability	5.15	-	-	5.15
Other financial liability	1,024.13	128.22	34.38	1,186.72
Total	5,679.04	128.22	34.38	5,841.63
As at 31 March 2020				
Borrowings (including interest accrued)	1,221.11	33.58	-	1,254.69
Compulsory Convertible Preference Shares (CCPS) (including interest accrued)	-	-	640.40	640.40
Trade payables	3,812.33	-	-	3,812.33
Other financial liability	404.04	141.93	58.03	604.00
Total	5,437.48	175.51	698.43	6,311.42



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Foreign currency risk

The Company has significant purchases from outside India. The Company has transactional currency exposures arising from sales or purchases by an operating unit in currencies other than the unit's functional currency. Accordingly, the Company's financial state of affairs can be affected significantly by movements in the US dollar exchange rates. The Company enters into derivative transactions, primarily in the nature of futures currency contracts/forward contracts on import payables. The purpose is to manage currency risks arising from the Company's operations.

The carrying amounts of the Company's financial assets and liabilities denominated in different currencies are as follows:

As at	31 March 2021		31 March 2020	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Amount in United States Dollar (USD)	73.46	33.10	69.01	28.07
Exchange Rate	73.24	73.24	75.37	75.37
Amount in Indian Rupees (INR)	5,379.86	2,424.08	5,201.35	2,115.43

The Company's exposure to foreign currency arises in part where a Company holds financial assets and liabilities denominated in a currency different from the functional currency of that entity with USD being the major non-functional currency of the Company's main operating subsidiaries. Set out below is the impact of a 10% movement in the US dollar and Euro on profit before tax arising as a result of the revaluation of the Company's foreign currency financial assets and unhedged liabilities :

As at	31 March 2021	31 March 2020
Effect of 10% strengthening of INR against USD on profit before tax:	(295.58)	(308.59)
Effect of 10% weakening of INR against USD on profit before tax:	295.58	308.59

The Company enters into forward/future contracts to mitigate the risk arising from fluctuations in foreign exchange rates to cover foreign currency payments.

The Company has taken forwards/future contract of the following amount to hedge against currency risk against movement in INR/US dollar. The contract as on year end are as follows :

As at	31 March 2021	31 March 2020
Amount in INR	600.93	348.14

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28 Post-employment benefits plan

Gratuity

The Company has unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service or part thereof in excess of 6 months.

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss for gratuity plan and amounts recognized in the balance sheet in respect of same.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	31 March 2021	31 March 2020
Current service cost	11.52	10.49
Interest cost on benefit obligation	3.71	3.86
Net benefit expense	15.23	14.35

Balance sheet

Benefit asset/liability

	31 March 2021	31 March 2020
Present value of defined benefit obligation	(66.07)	(56.29)
Net asset/(liability) recognised in balance sheet	(66.07)	(56.29)

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

	31 March 2021	31 March 2020
Opening defined benefit obligation	56.29	54.45
Current service cost	11.52	10.49
Interest cost	3.71	3.86
Total amount recognised in profit & loss	15.23	14.35
Re-measurement (gains)/losses of defined benefit plan :		
- Due to changes in financial assumptions	1.10	1.97
- Due to experience adjustment	0.55	(1.38)
Total amount recognised in other comprehensive income	1.65	0.59
Benefits paid	(7.10)	(13.10)
Closing defined benefit obligation	66.07	56.29

The principal assumptions used in determining gratuity benefits are as below:

	31 March 2021	31 March 2020
Discount rate	5.50%	6.00%
Employee turnover*	30.00%	30.00%
Salary Escalation Rate	7.00%	7.00%

*In the retail executives category, the employee turnover ratio is above 100% based on which none of such category of employees will remain with the Company for 5 years from the date of joining. Hence, the average turnover ratio of other category of employees has been considered for the calculation of the gratuity liability for these category of employees.

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

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.76 years (31 March 2020: 4.86 years)

Amounts for the current and previous four years are as follows:

Particulars	31 March 2021	31 March 2020	31 March 2019	31 March 2018	31 March 2017
Gratuity					
Defined benefit obligation	66.07	56.29	54.45	103.98	90.02
Experience adjustments on liabilities gain / (loss)	(0.55)	1.38	18.66	4.43	(4.83)



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Sensitivity Analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

	31 March 2021	31 March 2020
Projected benefit obligation on current assumptions	66.07	56.29
Delta effect of +1 % change in discount rate	(1.94)	(1.65)
Delta effect of -1 % change in discount rate	2.07	1.76
Delta effect of +1 % change in salary escalation rate	2.21	1.89
Delta effect of -1 % Change in salary escalation rate	(2.11)	(1.81)
Delta effect of +10 % change in rate of employee turnover	(1.31)	(1.16)
Delta effect of -10 % change in rate of employee turnover	1.44	1.25

29 Segment information

Ind AS 108 establishes standards for the way the companies report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Company's operations relate to sales of mobile handsets in India through the distributor and retailers network. The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on analysis of various performance indicators pertaining to business as a single segment. Accordingly, for the purpose of entity wide disclosures, only geographical information has been presented. Business segment of the Company is primarily sale of mobile handsets.

Geographical information on revenues are collated based on individual customers invoiced or in relation to which revenue is otherwise recognized.

Geographical information:

The following tables present geographical information regarding the Company's revenue: □

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
India	15,191.76	16,477.64
Outside India	1,073.53	2,965.41
Total	16,265.29	19,443.05

No customer individually accounted for more than 10% of the revenue for the year ended 31 March 2021 and year ended 31 March 2020.

The Company does not have any non-current assets, as defined in Ind AS 108, which is located outside India.

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30 Related party disclosures

(i) List of parties as per the requirement of Ind AS 24 "Related Party Disclosures":

Sr.No.	Related Party	Country of Incorporation	Nature of Relationship	
			31 March 2021	31 March 2020
1	LAVA International (H.K.) Limited	Hong Kong	Wholly owned subsidiary	Wholly owned subsidiary
2	Xolo International (H.K) Limited	Hong Kong	Wholly owned subsidiary	Wholly owned subsidiary
3	Lava Enterprises Limited	India	Subsidiary (99.05 % shares held by Lava International Limited)	Subsidiary (99.05 % shares held by Lava International Limited)
4	Sojo Distribution Private Limited	India	Subsidiary (90.00% shares held by Lava International Limited)	Subsidiary (90.00% shares held by Lava International Limited)
5	Sojo Manufacturing Services (A.P.) Private Limited	India	Subsidiary (99.97% shares held by Lava International Limited)	Subsidiary (99.97% shares held by Lava International Limited)
6	Sojo Manufacturing Services Private Limited	India	Subsidiary (99.95% shares held by Lava International Limited)	Subsidiary (99.95% shares held by Lava International Limited)
7	Sojo Infotel Private Limited*	India	-	Subsidiary (90.00% shares held by Lava International Limited)
8	Lava Technologies DMCC	UAE	Wholly owned subsidiary	Wholly owned subsidiary
9	Pt. Lava Mobile Indonesia	Indonesia	Subsidiary (95.00% shares held by LAVA International (H.K.) Limited)	Subsidiary (95.00% shares held by LAVA International (H.K.) Limited)
10	Lava International DMCC, UAE	UAE	Subsidiary (wholly owned by LAVA International (H.K.) Limited)	Subsidiary (wholly owned by LAVA International (H.K.) Limited)
11	Lava Mobility (Private) Limited, Sri Lanka	Sri Lanka	Subsidiary (wholly owned by LAVA International (H.K.) Limited)	Subsidiary (wholly owned by LAVA International (H.K.) Limited)
12	Lava Mobile Mexico S.DER.L. DE C.V.	Mexico	Subsidiary (99.00% shares held by LAVA International (H.K.) Limited))	Subsidiary (99.00% shares held by LAVA International (H.K.) Limited))
13	Lava International (Myanmar) Co. Limited	Myanmar	Subsidiary (99.00% shares held by LAVA International (H.K.) Limited))	Subsidiary (99.00% shares held by LAVA International (H.K.) Limited))
14	Lava International (Thailand) Co Limited**	Thailand	-	Subsidiary (97.00% shares held by LAVA International (H.K.) Limited)
15	Lava international (Nepal) Private Limited	Nepal	Subsidiary (wholly owned by LAVA International (H.K.) Limited)	Subsidiary (wholly owned by LAVA International (H.K.) Limited)
16	Lava International (Bangladesh) Limited	Bangladesh	Subsidiary (99.99% shares held by LAVA International (H.K.) Limited)	Subsidiary (99.99% shares held by LAVA International (H.K.) Limited)
17	Yamuna Electronics Manufacturing Cluster Private Limited (YEMCPL)	India	Joint venture (Indirect)	Joint venture (Indirect)
18	Lava Technologies L.L.C.	USA	Wholly owned subsidiary	Wholly owned subsidiary

* Sojo Infotel Limited cease to exist as subsidiary w.e.f. 18th March, 2021.

** Lava International (Thailand) Co Limited cease to exist as subsidiary w.e.f. 1st April, 2020.



Lava International Limited

Notes to standalone financial statements for the year ended 31 March 2021

*(All amounts in Indian Rupees Million unless otherwise stated)***(ii) Others (with whom transactions have taken place during the year)**

Sr.No.	Related Party	Country of Incorporation	Nature of Relationship	
			31 March 2021	31 March 2020
1	MagicTel Solutions Private Limited	India	Associate	Associate
2	Ottomate International Private Limited	India	Enterprises owned or significantly influenced by key management personnel or their relatives	Enterprises owned or significantly influenced by key management personnel or their relatives
3	Am Express Worldwide Logistics (Partnership Firm)	India	Enterprises owned or significantly influenced by key management personnel or their relatives	Enterprises owned or significantly influenced by key management personnel or their relatives :
4	Lava Employee Welfare Trust	India	Controlled trust	Controlled trust

(iii) Key Management Personnel :

Mr. Hari Om Rai - Chairman & Managing director
Mr. Shailendra Nath Rai - Whole time director
Mr. Vishal Sehgal - Non Executive director
Mr. Sunil Bhalla - Non Executive director
Mr. Vinod Rai -Independent director
Mrs. Chitra Gouri Lal - Independent director
Mr. Rahul Kansal - Independent director
Mr. Vineet Jain – Independent director (upto 19 June 2019)
Mr. Rati Ram - Chief Financial Officer (from 1 November 2018 to 1 August 2019)
Mr. Asitava Bose - Chief Financial Officer (w.e.f. 9 August 2019)
Mr. Bharat Mishra - Company Secretary
Mr. Sunil Raina- President & Bussiness Head (w.e.f 18 May 2021)
Mr. Sanjeev Agarwal Chief Manufacturing Officer (w.e.f 18 May 2021)
Mr. Mugdh Rajit - Senior Vice President-Head Marketing, (w.e.f 18 May 2021)
Mr. Sourabh Raghuvanshi -Vice President - Sales & Supply Chain (w.e.f 18 May 2021)

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Notes to standalone financial statements for the year ended 31 March 2021

(All amounts in Indian Rupees Million unless otherwise stated)

Particulars	Subsidiaries	
	31 March 2021	31 March 2020
A. Transactions during the year		
Purchase of goods		
LAVA International (HK) Limited	-	15.62
XOLO International (H.K.) Limited	-	32.30
Expenses incurred on behalf of related parties		
Lava Technologies DMCC	-	20.83
Sojo Manufacturing Services (AP) Private Ltd	0.19	0.04
Sojo Manufacturing Services Private Limited	0.01	0.05
Sojo Distribution Private Limited	0.02	0.04
Sojo Infotel Pvt Limited	0.27	0.04
Advance given		
Sojo Distribution Private Limited	15.31	-
Sojo Infotel Pvt Limited	4.82	-
Sale of Services		
Sojo Distribution Private Limited	0.14	-
Export Sales		
LAVA International (H.K.) Limited	-	2.63
Lava Technologies DMCC	7.80	91.71
XOLO International (H.K.) Limited	-	0.13
B. Amount due to / from related parties		
Trade Payable		
Lava International (H.K.) Limited	-	72.31
Other receivables		
Lava International (H.K.) Limited	94.36	116.37
Sojo Distribution Private Limited	15.52	0.04
Sojo Infotel Pvt Limited	5.13	0.04
Sojo Manufacturing Services (AP) Private Ltd	0.33	0.14
Sojo Manufacturing Services Private Ltd	10.38	10.37
Lava Enterprise Limited	0.04	0.04
Lava Technologies DMCC	26.60	27.40
Trade receivable		
Lava International (H.K.) Limited	-	23.26
Lava Technologies DMCC	7.67	22.31
XOLO International (Hk) Ltd.	425.96	438.41
Advance given		
XOLO International (H.K.) Limited	101.92	299.25

Particulars	Joint Venture	
	31 March 2021	31 March 2020
A. Transactions during the year		
Advances given		
Yamuna Electronics Manufacturing ClustePrivate Limited (YEMCPL)	-	0.04
B. Amount due from related parties		
Advance given		
Yamuna Electronics Manufacturing ClustePrivate Limited (YEMCPL)	0.04	0.04



Lava International Limited

Notes to standalone financial statements for the year ended 31 March 2021

(All amounts in Indian Rupees Million unless otherwise stated)

Particulars	Associate	
	31 March 2021	31 March 2020
A. Transactions		
Sale of services		
MagicTel Solutions Private Limited	0.88	5.06
B. Amount due from related parties		
Advance from Customer		
MagicTel Solutions Private Limited	-	0.07
Particulars	Parties in which Key Management Personnel of the Company are interested	
	31 March 2021	31 March 2020
A. Transactions during the year		
Services taken		
Am Express Worldwide Logistics	0.44	-
Ottomate International Private Limited	0.60	-
B. Amount due to / from related parties		
Trade receivable		
Trade Payable		
Am Express Worldwide Logistics	0.19	0.15
Ottomate International Private Limited	0.03	-
Particulars	Controlled Trust	
	31 March 2021	31 March 2020
A. Transactions during the year		
Advances given		
Lava Employee Welfare Trust	-	1.00
Expenses incurred on behalf of related parties		
Lava Employee Welfare Trust	0.06	-
B. Amount due from related parties		
Other receivables		
Lava Employee Welfare Trust	68.03	67.97

Particulars	Remuneration of Key Management Personnel	
	31 March 2021	31 March 2020
Short-term employee benefits	12.26	9.61
Post-employment benefits	0.51	1.84

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and their settlement occurs in cash. For the year ended 31 March 2021 and year ended 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties.

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Lava International Limited
Notes to standalone financial statements for the year ended 31 March 2021
(All amounts in Indian Rupees Million unless otherwise stated)

31 Commitments and contingencies

(A) Capital and other commitments

Particulars	31 March 2021	31 March 2020
(a) Estimated amount of contracts to be executed on capital account [net of capital advances amounting to 1.50 million (31 March 2020: Nil million) and not provided for] (refer note 9(a))	5.15	1.01

(B) Contingent liabilities

Particulars	31 March 2021	31 March 2020
Bank guarantees	313.94	198.23
Sales tax demands [refer note (a)] (amount paid under protest Rs. 126.44 million (31 March 2020: Rs.86.80 million))	469.83	438.55
	783.78	636.78

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Lava International Limited

Notes to standalone financial statements for the year ended 31 March 2021

(All amounts in Indian Rupees Million unless otherwise stated)

(a) Sales tax demands

(i) The Hon'ble Supreme Court of India vide its order dated 17 December 2014 in the case of State of Punjab Vs. Nokia India Pvt. Limited, has held that the mobile charger contained in the mobile phone retail pack is an independent part and shall be separately charged to VAT at rate as applicable to the chargers. The appellant has already approached the Hon'ble Supreme Court in a review petition challenging the judgement. In view of this judgement, the VAT Authorities of various states have raised demands along with interest and penalties aggregating to Rs. 126.11 million (31 March 2020: Rs. 102.63 million). The Company has filed appeal against these demands. Amount paid under protest against demands amounting to Rs. 46.50 million (31 March 2020: Rs. 42.02 million) have been disclosed under balance with statutory/government authorities in other assets.

Based on the legal assessment, management believes that the possibility of materialising sales tax demands is low. Accordingly, no provision is made in the financial statements for such demands.

(ii) Sales tax demands received of Rs 35.55 million (31 March 2020 : Rs. 34.31 million) (amount paid under protest of Rs 7.45 million (31 March 2020 : Rs. 7.39 million)) from various sales tax authorities for which the management believes that the possibility of materializing the demand is remote.

(iii) Sales tax demands received of Rs 283.70 million (31 March 2020 : Rs. 301.60 million) (amount paid under protest of Rs 70.93 million (31 March 2019 : Rs. 37.39 million)) classifying mobile phone under residuary entry under schedule- V, whereas as per lawyer's opinion product is well covered in specific entry 39 under schedule - IV for which management also believes that the possibility of materializing the sales tax demand is low. Accordingly, no provision is made in the financial statements for such demands.

(iv) Camera Module for mobile phone" is neither similar nor identical With Digital Still image video cameras" as claimed by company and thus the items " Camera Module for Mobile phone is totally different from " Digital still image video Cameras, hence availed exemption is not eligible to company According to the Company, the company have rightly claimed exemption from the payment of SWS under SR N0 30 of the notification No 11/2018 CT dated 02.02.2018 which exempts " Digital Still Image video Cameras falling under the Heading 8525 8020, considering camera module & digital still image video cameras serving the same purpose which is capturing the image and stored in data bank. Therefore, the Company have done no mistake by claiming exemption under above said notification. The period in which company had claimed this exemption is 2nd Feb, 2018 to 31st Jul 2019. Total amount involved is Rs. 23.71 million (31 March 2020 : NIL). Against the order passed by Commissioner, the Company have filed an appeal before the CESTAT Delhi & deposited Rs. 1.56 million (31 March 2020 : NIL) of above amount for filing the appeal as prescribed under law. As per the consultant, the Company have a good case to argue and justify the claim.

(b) Others

(i) M/s Telefonaktiebolaget LM Ericsson ('Ericsson') filed a suit for infringement of patents against the Company in the month of March 2015. The said Suit was part of the series of suits being filed by Ericsson against many mobile handset manufacturers in India. During 2015, the Company has filed a counter civil suit against Telefonaktiebolaget LM Ericsson ('Ericsson') before the Hon'ble District Court, Gautam Budh Nagar due to certain breaches.

Subsequent to Company's institution of the suit in the District Court of Gautam Buddha Nagar, Ericsson has filed a suit for permanent injunction against the Company before Hon'ble High Court, Delhi, on 23 March 2015 for infringement of Ericsson's certain patents.

Hon'ble District Court, Gautam Budh Nagar has issued notice to Ericsson. Before Ericsson filed its written statement, on application of the parties, Hon'ble Supreme Court ordered for transfer of the matter to Delhi High Court vide its order dated 31 July 2015 and the same is clubbed with the pending suit of Ericsson before the Delhi High Court.

Hon'ble High Court, Delhi vide its order dated 22 June 2016 has passed an interim order wherein the Company was enjoined from manufacturing, importing, selling its devices, subject to the condition of deposit of Rs. 300.00 million with the Registrar General of Delhi High Court. However, the operation of Interim Order was stayed till the final disposal of the main suit. The Company has complied with the said order and deposited a sum of Rs. 300.00 million. Presently the aforesaid appeal is pending adjudication before the Delhi High Court and the suit was posted for final arguments in February 2021 which has been adjourned for a future date. Based on legal advise the Company does not expect any financial exposure upon final settlement and accordingly no provision has been made in the financial statement of the Company.

Apart from above, there is no claim/case being contested with any other standard essential patent providers and the Company is confident that there is no infringement of patents.

(ii) On 01.07.2017, Research and Collaboration Agreement ('RCA') was executed between the Company, Mintellectuals LLP and Nokia Technologies as a confirming party. Under the RCA, the parties were to explore and work towards the possibility of technical and research collaborations between Mintellectuals/Nokia and the Company.

The Company made payments to Mintellectuals LLP under the RCA, with a view to receive the Research and Collaboration deliverables envisaged under the Agreement. The Parties also agreed not to challenge/assert any legal rights in relation to Technically Necessary Patents during the term of this agreement. The payments in question were being made by the Company in lieu of the executory consideration/promise/obligation of Mintellectuals/Nokia to enable and assist research and collaboration in terms of the RCA.

However, it is a matter of fact that nothing under the RCA was ever delivered by Mintellectuals/Nokia Technologies to the Company. As a result, the Company declared the RCA as frustrated and repudiated. As a result of the dispute between Mintellectuals and the Company, arbitration proceedings are going on wherein the Company has denied liability to pay any amount to Mintellectuals and also sought refund of the entire amounts already paid on the ground that the Agreement stood frustrated/repudiated. Mintellectuals has categorically denied any research and collaboration benefit to the Company under the RCA and has in fact taken a stand there is no research and collaboration deliverable under the scope of the agreement.

Management has also taken legal opinion from the lawyers and accordingly entire amount paid by company under this agreement is fully recoverable on good legal grounds.

(iii) On 29.11.2017, Share Subscription & Shareholder Agreement ('SSSHA') was executed between the Company, Sponsors of the Company and UNIC Memory Technology (HK) Ltd. ('UNIC'). Pursuant to the SSSHA, UNIC has invested USD 30 millions in consideration of Compulsory Convertible Cumulative Preference shares along with 1 Equity Share representing 3.33% of the Equity rights of the company after conversion into Equity Shares.

The SSSHA contained certain exit rights for UNIC to exit from the companies in certain scenarios. Based on that, UNIC has requested the Company/Sponsors of the Company, inter alia, to facilitate the exit transaction with respect to UNIC's position by either purchasing UNIC's shares or procuring a sale of the same by a third party. The company/sponsors are in process to facilitate their request however there are certain disagreements about timing hence the parties are going through an arbitration procedure. Management has taken legal opinion from the lawyers and as per opinion company has a strong case before the Arbitral Tribunal on the grounds presented by the company.

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32 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

S. No.	Particulars	31 March 2021	31 March 2020
1	The principal amount remaining unpaid to any supplier as at the end of each accounting year	20.37	11.07
2	The interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
3	The amount of interest paid by the buyer in terms of section 16 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
4	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 this Act	Nil	Nil
5	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
6	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.	Nil	Nil

33 Pursuant to the requirement of section 135 of Companies Act, 2013 and rules thereon, the Company is required to spend Rs.11.93 million (31 March 2020: Rs.21.56 million) on corporate social responsibility. During the year the Company has spent Rs. 35.65 million (31 March 2020: Rs. 4.00 million), on various CSR activities for purpose other than construction or acquisition of any asset.

34 Import of mobile phones only attracts Special Duty of Customs in lieu of Excise (CVD) which is equivalent to excise duty applicable on like goods as if manufactured or produced in India. Accordingly, mobile phones manufactured in India are subject to excise duty at the rate of 13.5% (including NCCD of 1%) if Cenvat Credit on inputs and capital goods is availed (rate of duty was 7.21% (including NCCD of 1%) till 28 February 2015) and 2% (including NCCD of 1%) if such Cenvat Credit on inputs and capital goods is not availed.

This has been further clarified by the Hon'ble Supreme Court of India in the similar cases by ruling that the benefit of exemption / concessional rate of excise duty, which is subject to a condition that no Cenvat credit on inputs or capital goods used in the manufacture of such goods shall be taken, is also available to the importers of like goods for payment of CVD under Customs.

During the financial years 2014 -2015 and 2015 - 2016, the Company was clearing the imported mobile phones by paying CVD of customs at higher rate of 7.21% before 1 March 2015 and 13.50% from 1 March 2015 instead of 2% during respective periods. The Company got re-assessed bills of entries amounting to Rs 638.47 million during the financial year 2017-18 Post clarification issued by the Hon'ble Supreme Court in M/s SRF case discussed above, and after re-assessment of bills of entries, the above said CVD amount became fully recoverable. Accordingly, the Company has claimed refund as per the Customs Act 1962.

As at 31st March 2021, total amount recoverable amounting to Rs. 391.64 million (31 March 2020: Rs. 737.18 million) (including recoverable charges for delayed payment amounting to Rs. 331.98 million (31 March 2020: Rs. 331.98 million)) was recorded, has been disclosed under "Balance with statutory/government authorities" based on legal opinion obtained.

35 Research and development expenditure

The Company has duly carried out its research and development activities during the year and the details of related expenditure are given below:

Particulars	31 March 2021	31 March 2020
Amount charged to Statement of Profit and Loss	66.49	84.84
Amount capitalised		
- Property, plant and equipment	2.94	4.52
	69.43	89.36



36 Employee stock option plans:

The plans existing during the year are as follows :

Number of options approved	15% of Equity Paid up Share capital
Method of settlement (Cash / Equity)	Cash/Equity
Vesting conditions	The employee should be on roll of the Company or its subsidiary

The details of activity under ESOP Schemes have been summarized below*:

	31 March 2021		31 March 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of year	2,01,47,360	10.69	2,01,47,360	10.69
Options granted during the year	2,85,54,342	6.56	-	-
Exercised / Settled during the year	-	-	-	-
Outstanding at the end of the year	4,87,01,702	8.27	2,01,47,360	10.69
Exercisable as at end of the year	2,01,47,360	10.69	2,01,47,360	10.69

The details of the ESOP outstanding are as follows*:

Range of exercise price per share	Options Outstanding as at 31 March 2021			Options Outstanding as at 31 March 2020		
	No. of shares arising out of options	Weighted Average remaining contractual life	Weighted Average Exercise price	No. of shares arising out of options	Weighted Average remaining contractual life	Weighted Average Exercise price
Rs 1 - Rs 3.125	2,04,44,744	4.76	2.50	-	-	-
Rs. 6.250 - Rs. 9.375	16,39,200	5.18	7.72	16,39,200	6.18	7.72
Rs. 9.375 - Rs. 12.500	1,85,08,158	0.27	10.95	1,85,08,160	2.08	10.95
Rs. 15.625 - Rs. 18.750	81,09,598	4.76	16.81	-	-	-

*Number of ESOPs and its exercise price has been calculated taking into account the following events happened post 31 March, 2021 :

- Pursuant to the approval of shareholders granted in the extra-ordinary general meeting held on 10 September 2021, the Company undertook a stock split of one existing equity share of Rs. 10 each into two fully paid up equity shares of Rs. 5 each.
- Pursuant to the approval of shareholders granted in the extra-ordinary general meeting held on 10 September 2021, the Company issued and allotted fully paid-up "bonus shares" at par in proportion of one new equity shares of Rs. 5 each for every one existing fully paid up equity share of Rs. 5 each held as on the record date of 08 September 2021.

The share based payment expense incurred during the year is shown in the following table:

	31 March 2021	31 March 2020
Expense arising from equity-settled share-based payment transactions	-	-
(Income) / Expense arising from settlement of options	85.54	-
	85.54	-

(This space has been intentionally left blank)



Lava International Limited
Notes to standalone financial statements for the year ended 31 March 2021
(All amounts in Indian Rupees Million unless otherwise stated)

37 Leases

The Company adopted Ind AS 116 using the Modified retrospective method of adoption, with the date of initial application on 1st April 2019. This has resulted in recognizing a right of use assets (an amount equal to lease liability, adjusted by the prepaid lease rent) of Rs.243.15 million as at 1st April 2019. In the statement of profit and loss for the current year, operating lease expenses has changed from rent to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability.

Contractual maturities of lease liabilities:-

The details of contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020 on an undiscounted basis are as follows:-

Particulars	31 March 2021	31 March 2020
Payable not later than 1 year	23.75	24.11
Payable later than 1 year and not later than 5 year	128.22	141.93
Later than 5 year	34.38	58.03
	186.34	224.07

Lease liability

Particulars	Office building	Factory building	Warehouse Building	Total
As at 31 March 2019	-	-	-	-
Addition in lease liability	72.45	159.15	11.55	243.15
Interest expense on lease liability	8.08	17.74	1.29	27.11
Payment made during CY	14.62	29.51	2.06	46.19
As at 31 March 2020	65.91	147.38	10.78	224.07
Addition in lease liability	-	-	-	-
Deletion in lease liability	6.87	-	7.96	14.83
Interest expense on lease liability	7.35	16.43	1.20	24.98
Payment made during CY	15.39	30.68	1.81	47.89
As at 31 March 2021	51.00	133.13	2.21	186.33
Non Current portion	43.40	117.30	1.89	162.59
Current maturities of lease liability	7.60	15.83	0.32	23.75



Lava International Limited
Notes to standalone financial statements for the year ended 31 March 2021
(All amounts in Indian Rupees Million unless otherwise stated)

- 38 The Company has appointed independent consultants for conducting a transfer pricing study to determine whether the transactions with associated enterprises were undertaken at "arm's length price". The management confirms that all international transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms and is confident of there being no adjustments on completion of the study. Adjustments, if any, arising from the transfer pricing study shall be accounted for as and when the study is completed.
- 39 During FY 20-21, There are certain suppliers who had supplied to the Company, and they have agreed to take the payments from our certain customers directly based on the approval of the parties. Accordingly, the trade payables and trade receivables are netted off in these financial statements.
- 40 Previous year figures have been reclassified/regrouped, wherever considered necessary to make them comparable with those for the current year.

The summary of regrouping related to standalone statement of profit and loss for the year ended 31 March 2020 are as follows:

Particulars	Notes	31 March 2020	Regrouping	31 March 2020 Regrouped
Income				
Finance Income	16	135.46	(135.46)	-
Other income	16	35.04	130.91	165.95
Expenses				
Other expenses	21	1,503.48	(4.55)	1,498.93

The above regrouping does not have material impact on the financial statements.

- 41 The Outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The manufacturing activities and the sales and distribution of the products of the Company were disrupted due to lock downs and the general economic slowdown. The Company believes the current disruptions in operations are temporary in nature and based on the business outlook and various initiatives announced by the respective Central and state governments, this may not result in any significant financial impact on the Company. The Management has considered internal and external sources of information up to the date of approval of these financial statements, in assessing the recoverability of investments and assets, trade receivables, liquidity, financial position and operations of the Company and based on the management's assessment, there is no material impact on the financial results of the Company.

Considering the uncertainties involved in estimating the impact of this pandemic, the future impact of this pandemic may be different from those estimated as on the date of approval of these financial statements, and this will continue to be monitored in future periods.

42 Non Adjusting Events subsequent to 31 March, 2021

- a) Pursuant to approval of Board of directors of the company in the meeting held on 18th May, 2021, the board of directors of the company accorded the right issue allotment of 13,50,844 equity shares of Rs. 10 each at the premium of Rs. 523 per shares.
- b) Pursuant to approval of Board of directors of the company in the meeting held on 5th June, 2021, the board of directors of the company, further accorded the right issue allotment of 562,851 equity shares of Rs. 10 each at the premium of Rs. 523 per shares.
- c) Pursuant to the approval of shareholders granted in the extra-ordinary general meeting held on 10th September 2021, the Company undertook a stock split of one existing equity share of Rs. 10 each into two fully paid up equity shares of Rs. 5 each. As a result of the above transaction, the authorised number of equity shares have been increased to 78,20,00,000 equity shares of the company having a face value of Rs. 5 each from 39,10,00,000 Equity Shares of the Company having a face value of Rs. 10 each.
- d) Pursuant to the approval of shareholders granted in the extra-ordinary general meeting held on 10th September 2021, the Company issued and allotted fully paid-up "Bonus shares" at par in proportion of one new equity shares of Rs. 5 each for every one existing fully paid up equity share of Rs. 5 each held as on the record date of 08th September 2021.

- 43 There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For ASA & Associates LLP
Chartered Accountants
Firm's Registration No.: 009571N/N500006

Prateef Mittal
Partner
Membership No. 402631



Place: Gurugram
Date: September 18, 2021

For and on behalf of the Board of Directors of
Lava International Limited
CIN: U32201DL2009PLC188920

Hari Om Rai
Chairman & Managing Director
(DIN - 01191443)

Ashava Bose
Chief Financial Officer



Place: Noida
Date: September 18, 2021

Shailendra Nath Rai
Whole-Time Director
(DIN-00908417)

Bharat Mishra
Company Secretary
(Membership No.- ACS-35437)

INDEPENDENT AUDITOR'S REPORT

To the Members of Lava International Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Lava International Limited** ("the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and a joint venture comprising of the consolidated balance sheet as at March 31, 2021, the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, its consolidated profit including other comprehensive income, consolidated changes in equity, and its consolidated 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 Companies Act, 2013 ('the Act'). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the consolidated financial statements' section of our report. We are independent of the Group 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 consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Other Information

The Holding Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in Directors' Report including Annexures to the Directors' report, but does not include the consolidated financial statements and our report thereon.

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

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

Responsibilities of Management and Those Charged with Governance 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, consolidated cash flows and consolidated change in equity of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (India Accounting Standards) Rule 2015 amended. The respective Board of Directors of the companies included in the Group including its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group including its associate and joint venture 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 consolidated 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 including its associate and joint venture are responsible for assessing the Group'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 group 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 including its associate and joint venture are also responsible for overseeing the financial reporting process of the Group including its associate and joint venture.



Auditor's Responsibilities 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 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 Group, associate and joint venture which are the companies incorporated in India has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, 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 other entities included 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.

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.

Other Matters

- a) We did not audit the financial statements of 7 subsidiaries and 1 trust whose financial statements reflect total assets of Rs. 8,511.26 million and net assets of Rs 6,453.12 million as at March 31, 2021, total revenue of Rs. 38,837.17 million and net cash outflows amounting to Rs. 38.74 million for the year then ended on that date, as considered in the consolidated financial statements before giving effect of elimination of intra-group transactions. The consolidated financial statements also include the Group's share of loss (including other comprehensive Income) of Rs. 1.74 million for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of a associate and joint venture, whose financial statements have not been audited by us.

These financial statements have been audited by the 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, trust, associate and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, trust, associate and joint venture is based solely on the reports of the other auditors.

Further, of these subsidiaries and trust, three subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally acceptable in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company which has been relied upon by us.

Also, we did not audit the financial statements and other financial information in respect of 8 subsidiary companies, whose financial statements reflect total assets of Rs. 199.99 million and net assets of Rs. (541.93) million as at 31 March 2021, total revenues of Rs. 135.96 million and



net cash outflow amounting to Rs (4.36) million for the year ended on that date, as considered in the consolidated financial statements before giving effect of elimination of intra-group transactions. These financial statements and other information are unaudited and has 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 the subsidiaries, and our report in term of sub-section (3) of section 143 of the Act, in so far it related to the aforesaid subsidiaries, is based solely on such unaudited financial statements and other financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and these financial statements and other financial information certified by the management.

- b) The consolidated financial statements for the year ended March 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on December 15, 2020.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and other financial information of the subsidiaries, trust, associate and joint venture as noted in the 'other matter' paragraph, 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;
 - (b) In our opinion, proper books of account as required by law 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 statement of changes in equity and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the preparation of the consolidated financial statements;
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
 - (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 auditors of its subsidiary companies, associate and joint venture which are the companies incorporated in India, none of the directors of the Group's



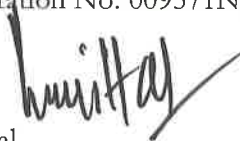
companies, its associate and joint venture which are companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting and operating effectiveness of such controls of the Holding Company, its subsidiary companies, associate and joint venture which are the companies incorporated in India, refer to our separate Report in “Annexure A”, and
- (g) In our opinion and according to the information and explanations given to us, the remuneration paid by the Group, associate and joint venture which are the companies incorporated in India to its directors during the current year is in accordance with the provisions of Section 197 of the Act;
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group including its associate and joint venture – Refer Note 31 to the consolidated financial statements;
 - ii. The Group, its associate and joint venture has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any and to the extent ascertainable, 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 Group, its associate and joint venture.

For ASA & Associates LLP

Chartered Accountants

Firm Registration No: 009571N/N500006



Prateet Mittal

Partner

Membership No. 402631

UDIN: 21402631AAAARV7139

Place: Gurugram

Date: September 21, 2021



Annexure - A to the Independent Auditors' Report

Report on the Internal Financial Controls 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 Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Lava International Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its joint venture and associate, which are the companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies, its associate and joint venture which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on, the internal control over financial reporting criteria established by the Holding 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 (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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matter paragraph below, 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 consolidated 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated 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, the Holding Company, its subsidiary companies, its joint ventures and its associates which are companies 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 internal financial control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.



Other Matters

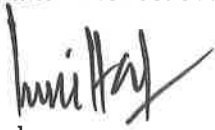
Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting, in so far as it relates to 4 subsidiaries, 1 associate and 1 joint venture which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter with respect to our reliance on representations provided by the management.

For **ASA & Associates LLP**

Chartered Accountants

Firm Registration No: 009571N/N500006



Prateet Mittal

Partner

Membership No. 402631



UDIN: 21402631AAAARV7139

Place: Gurugram

Date: September 21, 2021

Lava International Limited
Consolidated balance sheet as at 31 March, 2021
(All amounts in Indian Rupees Million unless otherwise stated)

Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	3	1,191.46	794.90
Capital work-in-progress	3	32.75	20.69
Intangible assets	4	29.60	57.54
Right of use asset	5	161.64	208.18
Investments accounted for using the equity method	36	62.06	63.79
Financial assets			
Investments	6 (a)	58.45	60.37
Loans	6 (f)	30.32	26.15
Other financial asset	6 (h)	20.82	20.50
Deferred tax assets (net)	23	229.11	-
Other non-current assets	8 (a)	51.15	58.00
Advance tax assets (net)	9	1.95	0.97
		1,869.31	1,311.09
Current assets			
Inventories	7	4,438.63	2,364.76
Financial assets			
Investments	6 (b)	10.00	20.69
Trade receivables	6 (c)	11,624.18	13,148.12
Cash and cash equivalents	6 (d)	238.75	186.38
Other bank balances	6 (e)	1,612.66	1,301.75
Loans	6 (g)	9.59	11.99
Others	6 (i)	463.68	1,304.74
Other current assets	8 (b)	4,108.69	4,193.35
		22,506.18	22,531.78
TOTAL ASSETS		24,375.49	23,842.87
Equity and liabilities			
Equity			
Equity share capital	10	1,248.67	1,248.67
Instruments entirely in equity	10	51.00	50.00
Other equity			
Securities premium reserve		2,393.58	1,874.58
Treasury shares		(63.34)	(63.34)
Foreign currency translation reserve		432.20	596.83
Share based payment reserve		228.72	143.18
Retained earnings		11,608.01	10,238.36
Other reserve		(7.69)	(7.69)
Equity attributable to equity holders of the Holding Company		15,891.15	14,080.59
Non-controlling interest		0.41	0.51
Total Equity		15,891.56	14,081.10
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	11(a)	-	553.58
Other financial liabilities	11(d)	162.60	320.36
Provisions	12(a)	51.55	45.98
Deferred tax liabilities (net)	23	-	84.49
		214.15	1,004.41
Current liabilities			
Financial liabilities			
Borrowings	11(b)	965.32	1,094.42
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	11(c), 33	20.37	11.07
- total outstanding dues of creditors other than micro enterprises and small enterprises	11(e)	5,061.44	4,954.45
Other financial liabilities	11(e)	1,103.65	537.18
Other current liabilities	13	509.51	1,558.95
Provisions	12(b)	248.35	234.10
Current Tax Liabilities (net)	14	361.14	367.19
Total liabilities		8,269.78	8,757.36
TOTAL EQUITY AND LIABILITIES		24,375.49	23,842.87

Summary of significant accounting policies 2.1

The accompanying notes form an integral part of these consolidated financial statements.

As per our report of even date as attached
For ASA & Associates LLP
Chartered Accountants
Firm's Registration No.: 009571N/N500006

Prateek Mittal
Partner
Membership No. 402631

Place: Gurugram

Date: September 21, 2021



For and on behalf of the Board of Directors of
Lava International Limited
CIN: U12201DL2009PLC188920

Hari Om Rai
Chairman & Managing Director
(DIN - 01191443)

Asitava Bose
Chief Financial Officer

Place: Noida

Date: September 21, 2021



Shailendra Nath Rai
Whole-Time Director
(DIN-00908417)

Bharam Mishra
Company Secretary
(Membership No - ACS-35437)

Lava International Limited
 Consolidated statement of profit and loss for the year ended 31 March 2021
 (All amounts in Indian Rupees Million unless otherwise stated)

Particulars	Note No.	For the year Ended 31 March 2021	For the year Ended 31 March 2020
Income			
Revenue from operations	15	55,128.74	52,643.29
Other income	16, 40	108.04	181.19
Total income (I)		55,236.78	52,824.48
Expenses			
Cost of raw material and components consumed	17	11,566.75	11,306.49
Purchase of traded goods		36,387.13	32,049.32
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	18	(1,293.96)	1,613.60
Employee benefit expenses	19	1,902.22	1,990.68
Other expenses	20, 40	4,162.49	3,871.83
Total expense (II)		52,724.63	50,831.92
Earnings before share of loss of an associate & joint venture, interest, tax, depreciation and amortisation and tax (EBITDA) (I)-(II)		2,512.15	1,992.56
Depreciation and amortisation expense	21	390.37	330.51
Finance costs	22, 40	285.76	389.94
Profit before share of loss of an associate & joint venture and tax		1,836.02	1,272.11
Share of loss of joint venture, associates (net of tax) (III)	36	1.73	5.64
Profit before tax		1,834.29	1,266.47
- Current tax	23	332.67	201.60
- Tax charge/(credit) relating to earlier years		(30.80)	22.99
- Deferred tax expense/(income)	23	(193.66)	(35.73)
Income tax expense		108.21	188.86
Profit for the year		1,726.08	1,077.61
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods :			
- Re-measurement (gains)/losses of defined benefit plan	28	1.65	0.59
- Income tax relating to this item		(0.41)	(0.21)
Other comprehensive income that will be reclassified to profit or loss in subsequent periods :			
- Exchange difference on translation of foreign operations		164.63	(444.81)
Other comprehensive income for the year (net of tax)		165.87	(444.43)
Total Comprehensive income for the year (net of tax)		1,560.21	1,522.04
Profit for the year is attributable to			
- Equity holders of Holding Company		1,726.18	1,077.62
- Non-controlling interest		(0.10)	(0.01)
Other comprehensive income of the year is attributable to			
- Equity holders of Holding Company		(165.87)	444.43
- Non-controlling interest			
Total comprehensive income of the year is attributable to			
- Equity holders of Holding Company		1,560.31	1,522.05
- Non-controlling interest		(0.10)	(0.01)
Earnings per equity share (in rupees)	24		
Basic		13.82	8.63
Diluted		12.61	7.87
Adjusted Basic*		3.46	2.16
Adjusted Diluted*		3.15	1.97

* Earnings per shares after adjustment of stock split and bonus subsequent to the reporting date

Summary of significant accounting policies

2.1

The accompanying notes form an integral part of these consolidated financial statements

As per our report of even date as attached

For ASA & Associates LLP

Chartered Accountants

Firm's Registration No.: 009571N/N500006

Prateek Mittal
 Partner
 Membership No. 402631



Place: Gurugram

Date: September 21, 2021

For and on behalf of the Board of Directors of

Lava International Limited

CIN: U32201DL2009PLC188920



Ibri Om Rai
 Chariman & Managing Director
 (DIN - 01191443)

Bhuvan Bose
 Chief Financial Officer

Shailendra Nath Rai
 Whole-Time Director
 (DIN-00908417)

Bhuvan Mishra
 Company Secretary
 (Membership No - ACS-35437)

Place: Noida

Date: September 21, 2021

Lava International Limited
Consolidated Statement of changes in equity for the year ended 31 March 2021
(All amounts in Indian Rupees Million unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
a. Equity share capital		
At the beginning of the year	1,248.67	1,248.67
Add: Issue of bonus shares	-	-
Outstanding at the end of the year	1,248.67	1,248.67
b. Instruments entirely equity in nature		
At the beginning of the year	50.00	50.00
Add: Transfer of compulsorily convertible preference share (CCPS)*	1.00	-
Outstanding at the end of the year	51.00	50.00

c. Other Equity

Particulars	Attributable to the equity holders of Holding Company						Total	Non controlling interest	Total equity
	Reserves and Surplus		Items of Other Comprehensive Income			Treasury shares (v)			
	Securities premium reserve (i)	Share based payment reserve (ii)	Retained earnings	FVTOCI - equity investment reserve (iii)	FCTR - reserve (iv)				
As at 31 March 2019	1,874.58	143.18	9,155.38	(7.69)	152.02	(63.34)	11,254.13	0.52	11,254.65
Total profit for the year			1,077.62				1,077.62	(0.01)	1,077.61
Other comprehensive income for the year			(0.38)		444.81		444.43		444.43
Total comprehensive income for the year			1,077.24				1,522.05	(0.01)	1,522.04
Movement of lease liability reserve			5.74				5.74		5.74
As at 31 March 2020	1,874.58	143.18	10,238.56	(7.69)	596.83	(63.34)	12,781.92	0.51	12,782.42
Provision for Expected Credit Loss (Refer note 6 (c))			(355.29)				(355.29)		(355.29)
Total profit for the year			1,726.18		(164.63)		1,726.18	(0.10)	1,726.08
Other comprehensive income for the year			(1.24)		(164.63)		(165.87)		(165.87)
Total comprehensive income for the year			1,369.65				1,205.02	(0.10)	1,204.92
Share based payment expense		85.54					85.54		85.54
Security Premium on CCPS*	519.00						519.00		519.00
As at 31 March 2021	2,393.58	228.72	11,608.01	(7.69)	432.20	(63.34)	14,591.48	0.41	14,591.88

(i) Securities premium reserve : Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act 2013.

(ii) Share based payment reserve : The share option outstanding account is used to recognise the grant date of fair value of options issued to employees under the Company's employee stock option plan.

(iii) FVTOCI equity investment reserve : The Group has elected to recognise changes in the fair value of investments in equity instruments of Abhriya Pre Ltd in other comprehensive income. The changes are accumulated within the FVTOCI equity investment reserve within equity.

(iv) Foreign currency translation reserve : Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

(v) Treasury shares : The amount in treasury shares has been recorded against the shares of company purchased by Lava Employees welfare Trust from the employees of the company at the time of their exit from the company.

* In the current year, based on the terms of Investment agreement, and confirmation of the number of shares to be issued, and price thereof, CCPS which was earlier classified under 'Long Term Borrowing' now meets the criterion of Equity and accordingly the amount has been reclassified as 'Instruments entirely equity in nature' and 'Security premium'.

Summary of significant accounting policies (refer note 2.1)

The accompanying notes are an Integral part of the consolidated financial statements.

As per our report of even date as attached

For ASA & Associates LLP

Chartered Accountants

Firm's Registration No.: 009571NAN500006

Prateek Mittal

Partner

Membership No. 402631

For and on behalf of the Board of Directors of

Lava International Limited

CIN - 132231DL0099PLC188920

Hari Om Rai

Chairman & Managing Director

DIN - 01191443

Chief financial officer.

Place: Gurugram

Date:

September 21, 2021

Place: Noida

Date:

September 21, 2021

Shailendra Nath Rai

Whole-Time Director

DIN-00908417

Bhram Nishitha

Company Secretary

(Membership No. - ACS-35437)

Lava International Limited
Consolidated cash flow statement for the year ended 31 March 2021
(All amounts in Indian Rupees Million unless otherwise stated)

Particulars	For the year Ended 31 March 2021	For the year Ended 31 March 2020
Cash flow from operating activities		
Profit before tax	1,834.29	1,266.47
Adjustment to reconcile profit before tax to net cash flows :		
Depreciation/amortization	390.37	330.51
Profit on sale of property, plant and equipment	(1.00)	3.27
Fair value (gain)/loss on Investment at fair value through profit or loss	(2.00)	0.92
Unrealized foreign exchange (gain)/ loss	30.00	(59.31)
Net gain on sale of mutual fund investments	(3.09)	0.17
Share of loss/(Profit) of associate/ joint venture	1.74	5.64
Balances written off	-	41.93
Fair value (gain)/loss on derivative financial instrument at FVTPL	10.93	(13.35)
Payment of principal portion of lease liabilities	(22.91)	(19.08)
Liability written back	85.54	-
Provision for Inventories obsolescence	(41.67)	14.82
Provision for trade receivables and advances	263.39	31.31
Provision for other receivables	-	-
Unwinding of interest on borrowings	1.35	7.14
Interest expense	193.30	218.96
Interest income	(75.65)	(122.66)
Operating profit before working capital changes	2,664.59	1,706.74
Movements in working capital:		
Increase/ (Decrease) in trade payables and other liabilities	(248.86)	(2,790.91)
Increase/ (Decrease) in provisions	22.23	(21.65)
(Increase)/ Decrease in trade receivables	494.41	(3,010.14)
(Increase)/ Decrease in inventories	(2,046.77)	1,912.56
(Increase)/ Decrease in other assets	922.15	863.55
Cash generated from operations	1,807.75	(1,339.85)
Income taxes paid (net of refunds)	(289.95)	12.60
Net cash flow from / (used in) operating activities (A)	1,517.80	(1,327.25)
Cash flows from investing activities		
Purchase of property, plant and equipment, including intangible assets, capital work in progress, intangible assets under development and capital advances	(159.91)	(184.34)
Dilution of intangible assets including intangible assets under development	(524.54)	(1.28)
Proceeds from sale of property, plant and equipment (including intangibles)	4.31	1.93
Investment in subsidiaries	0.00	0.19
Movement in mutual fund investments	13.91	73.64
Investments in bank deposits	(2,252.60)	(2,186.19)
Redemption/maturity of bank deposits	1,867.28	2,762.85
Interest received	100.04	99.32
Net cash flow from / (used in) investing activities (B)	(951.51)	566.12
Cash flow from financing activities		
Proceeds from long-term borrowings	31.20	-
Payment of long-term borrowings	(119.62)	(120.69)
Movement in short-term borrowings	(129.10)	296.56
Interest paid on lease liability	(24.99)	(27.11)
Interest paid on borrowings	(248.44)	(130.66)
Net cash from / (used in) financing activities (C)	(490.95)	18.10
Net increase in cash and cash equivalents (A + B + C)	75.34	(743.03)
Effect of exchange differences on cash & cash equivalents held in foreign currency	(22.97)	127.17
Cash and cash equivalents at the beginning of the year	186.38	802.24
Cash and cash equivalents at the end of the year	238.75	186.38
Components of cash and cash equivalents		
Cash on hand	2.95	8.86
With banks on current account		
- on deposit account	77.27	81.27
- others balances	158.53	96.25
Total cash and cash equivalents [Refer note 6 (d)]	238.75	186.38

Summary of significant accounting policies (refer note 2.1)

The accompanying notes forms an integral part of these consolidated financial statements.

The schedules referred to above and notes on accounts form an Integral part of the consolidated cash flow statement

As per our report of even date as attached

For ASA & Associates LLP
Chartered Accountants
Firm's Registration No.- 009571N/N500006

Prateet Mittal
Partner
Membership No. 402631



Place: Gurugram
Date: September 21, 2021

For and on behalf of the Board of Directors of
Lava International Limited
CIN: U32701DL2009PLC188920

Hari Om Rai
Chairman & Managing Director
(DIN - 01191443)

Chaitanya Bose
Chief Financial Officer

Place: Noida
Date: September 21, 2021

Shalendra Nath Rai
Whole-Time Director
(DIN-00908417)

Bharat Mishra
Company Secretary
(Membership No. - ACS-35437)

1. Corporate information

Lava International Limited ('Company' or 'Holding Company') is engaged in trading and manufacturing of mobile phones, storage devices and other wireless telecommunication devices. The Company is a public company domiciled in India and is incorporated under the provisions of Companies Act applicable in India. The registered office of the Company is located in Karampura, Delhi and the principal place of business is Noida, Uttar Pradesh. The Company has an in-house research and development center and manufacturing facilities in Noida.

The financial statements were authorised for issue in accordance with a resolution of the directors on 21, September 2021.

2. Basis of preparation

a. Statement of compliance

The consolidated financial statements of Lava International Limited (the 'Company' or "Holding Company"), the trust and its subsidiaries (collectively referred to as 'Group') and the Group's interest in joint ventures and associate have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereafter.

These financial statements are presented in Indian rupees, and all amounts have been rounded-off to the nearest millions upto two places of decimal, unless otherwise indicated.

b. Basis of measurement

The consolidated financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. The consolidated financial statements have been prepared on the historical cost basis except for the following items:

- Investments in equity instruments of other entities (at fair value through other comprehensive income)
- Investment in mutual funds (at fair value through profit or loss)
- Derivative financial instruments (at fair value through profit or loss)

c. Use of estimates and judgements

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates are recognized prospectively in current and future periods. Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

Significant estimates

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets. Carrying amount of property, plant and equipment and intangible assets are disclosed in Note 3 and Note 4 respectively.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may impact the DBO amount and the annual defined benefit expenses. Carrying amount of defined benefit obligations are disclosed in Note 29.

Provisions for warranties – A provision is estimated for expected warranty in respect of products sold during the year on the basis of a technical evaluation and past experience regarding failure trends of products and costs of rectification or replacement. Carrying amount of provision is disclosed in Note 12.



Lava International Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

Significant judgments

Contingent liabilities – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Impairment of financial assets – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Recent Accounting Developments

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021. MCA issued notifications dated 24th March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1st April, 2021.

2.1 Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group and its interest in joint venture and associate as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The nature of the Group’s operations and principal activities are set out in Note 38.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights
- The size of the group’s holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member’s financial statements in preparing the consolidated financial statements to ensure conformity with the group’s accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as



Lava International Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

that of the the holding company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date
- b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

(b) Investment in associates and joint ventures

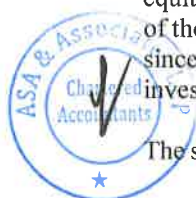
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. ★



Lava International Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(c) Current Vs Non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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

A liability is current when:

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

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

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



Lava International Limited
Summary of significant accounting policies and other explanatory information for the
year ended 31 March 2021

Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(d) Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses if any. Cost directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by the management.

ii. Subsequent expenditure

Subsequent costs are capitalised on the carrying amount or recognised as a separate asset, as appropriate, only when future economic benefits associated with the item are probable to flow to the Group and cost of the item can be measured reliably. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Group recognises such parts as separate component of assets. All repair and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss on the date of disposal or retirement.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under the non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work in progress'.

iii. Depreciation

Depreciation on property, plant and equipment is provided on a straight-line basis over the estimated useful lives of the assets as below:

Assets	Useful Lives
Office Equipment	3-5 Years
Furniture and fixtures*	3-5 Years
Demonstration Fixtures*	2-5 Years
Vehicles*	5 Years
Computer and Components*	3 Years
Plant and Machinery*	
Jigs	1 Year
Other Plant and Machinery	5-15 Years
Electrical Installations	10 Years

*Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives for these assets are different from useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Leasehold Improvements are amortized over the lease term or 10 years whichever is less.



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When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

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

(e) Intangible assets

i. Recognition and initial measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Amortisation

The useful lives of intangible assets is assessed as finite as stated below and the assets are amortised over their useful lives and assessed for impairment whenever there is an indication that an intangible asset may be impaired.

Assets	Useful Lives
Computer software (over license period)	1-5 Years
Internally generated software	3- 5Years

The amortization period and the amortization method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

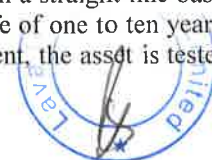
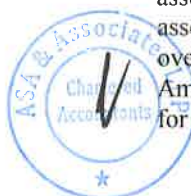
Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of one to ten years. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.



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(f) Leases

The Group adopted Ind AS 116 using the Modified retrospective method of adoption, with the date of initial application on 1 April 2019. The Group has recognised a lease liability on initial application (i.e. April 1, 2019) at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

The Group, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Group has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset 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 plus any initial direct costs incurred. 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 (Refer note 36).

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.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Group is the lessor.

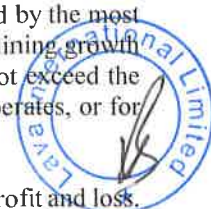
(g) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Group bases its impairment calculation on detailed budgets and forecast calculations. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses, including impairment on inventories, are recognised in the consolidated statement of profit and loss.



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(h) Financial instruments

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

Financial assets

Recognition and initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

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

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

This category is most applicable to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is considered only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. This category is applicable to investments in mutual funds.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and



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b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss (P&L). Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Equity Investments

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

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value. All changes in fair value including dividend are recognized in the statement of profit and loss.

De-recognition

A financial asset is de-recognised only when

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

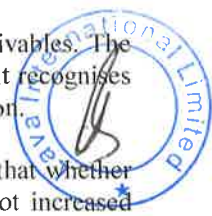
Impairment of financial assets

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

- a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b. Loan commitments which are not measured as at FVTPL

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 recognises 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



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significantly, 12-month expected credit loss (ECL) is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

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

The Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. For the financial assets measured as at amortised cost, contractual revenue receivables, ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.



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Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

De-recognition

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

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest

Offsetting financial instruments

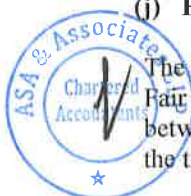
Financial asset and financial liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(i) Derivative financial instrument

The Group uses derivative financial instruments i.e., forward and futures currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss. The Group has not applied hedge accounting.

(j) Fair value Measurement

The Group measure its financial instruments such as derivative at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:



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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (Unadjusted) marked prices in the active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management or its expert verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents

(k) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.



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(I) Revenue recognition

With effect from 1st April 2018, Ind AS 115 – “Revenue from Contracts with Customers” notified by MCA vide its notification dated 28 March, 2018 which supersedes Ind AS 18 – “Revenue” and related Appendices.

Group account for revenue in accordance with Ind AS 115 “Revenue from Contracts with customers” using the modified retrospective method.

The Group has recognize revenue in accordance with Ind AS 115 by applying the following 5 steps:

- I Identify the contracts with the customers,
- II Identify the separate performance obligations,
- III Determine the transaction price of the contract,
- IV Allocate the transaction price to each of the separate performance obligations, and
- V Recognize the revenue as each performance obligation is satisfied.

Sale of Goods

Revenue from sale of goods is recognized when the significant risk and rewards of ownership of the goods have been passed to the buyer which generally coincides with delivery of goods, as per the contractual terms with customers. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and is inclusive of excise duty and net of returns and allowances, trade discount, volume rebates and value added taxes. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The Group accounts for volume discount for pricing incentives to customers as a reduction of revenue based on estimate of applicable discount/incentives.

Sale of Services

Revenue from sales of services is from installation of third party mobile applications in the handset and is recognized by reference to the stage of completion, net of GST. Stage of completion is measured by reference to services performed to date as a percentage of total services to be performed.

Interest

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividend Income

Dividend Income is recognised when the Group’s right to receive the amount has been established.

Incentive Income

Group has recognized incentive income in form of, Merchant export incentive income (MEIS), Duty drawback income based on export made, UPSDM income based on training given to apprentice.

Disaggregation of Revenue

See Note 29 (Segment Reporting) to Consolidated Financial Statements for our disaggregated revenues.

Contract Balances:

Trade Receivables

A receivable represents the Group’s right to an amount of consideration that is unconditional.



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Contract Assets

A contract asset is a right to consideration that is conditional upon factors other than the passage of time.

During financial year 2020-21, out of Rs. 20.27 million contract assets as on March 31, 2020, invoicing for 94.03% has been done and Rs.1.21 million is pending for invoicing.

Balance as at March 31, 2020	20.27 million
Deduction on account of Reclassified to receivable	(90.35) million
Recognized as revenue during the year	60.03 million
Balance as at March 31, 2021	10.04 million

Contract Liabilities

A Contract liabilities is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Balance as at March 31, 2020	589.80 million
Deduction on account of revenues recognized during the year	(378.72) million
Addition on account of transaction	135.98 million
Balance as at March 31, 2021	347.06 million

Changes in the contract asset and liability balances during current year, were a result of normal business activity and not materially impacted by any other factors.

(m) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the respective currency of the primary economic environment in which in which the entity in Group operates i.e. the "functional currency". These financial statements are presented in Indian rupees, which is also the functional currency of the parent Group. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in



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fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at yearly average exchange rates. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

(n) Income taxes

Current income tax

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

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

Current income tax relating to items recognised outside statement of profit and loss is recognised 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. Payments of tax as per Minimum Alternative Tax (MAT) is included as part of current tax in statement of profit and loss.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements as at reporting date. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside statement of profit and loss is recognised either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.



Lava International Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

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

MAT is applicable to the Group. Credit of MAT is recognised as deferred tax asset only when it is probable that taxable profit will be available against which the credit can be utilised. 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 statement of profit and loss account. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is no longer probable that the Group will pay normal income tax during the specified period.

(o) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when an employee renders the related service. The Group has no obligation, other than the contribution payable to the provident fund.

The Group operates an unfunded defined benefit gratuity plan for its employees. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end, using the projected unit credit method and charged to statement of profit and loss. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Accumulated leave is treated as short-term employee benefit as the Group has no unconditional right to defer the liability. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss.

(p) Provisions and Contingent Liabilities

Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Decommissioning liability

The Group records a provision for decommissioning costs of a leased facility. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.



Lava International Limited
Summary of significant accounting policies and other explanatory information for the
year ended 31 March 2021

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

(q) Earnings per share

Basic EPS amounts are calculated by dividing the profit or loss for the year attributable to equity holders of the Holding Company by the weighted average number of equity shares outstanding during the year excluding the treasury shares.

Diluted EPS amounts are calculated by dividing the profit or loss attributable to equity holders of the Holding Company (after adjusting the corresponding income/charge for dilutive potential equity shares) by the weighted average number of Equity shares outstanding during the year, excluding treasury shares, plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

(r) Segment reporting

Identification of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Only those business activities are identified as operating segment for which the operating results are regularly reviewed by the CODM to make decisions about resource allocation and performance measurement.

Inter-segment transfers

The Group generally accounts for inter-segment sales and transfers at cost plus appropriate margins.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

(s) Share based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

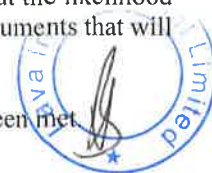
Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using Black Scholes Option Pricing Model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest because service conditions have not been met.



Lava International Limited
Summary of significant accounting policies and other explanatory information for the
year ended 31 March 2021

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(t) Borrowing costs

Borrowing costs to the extent directly attributable to the acquisition/construction of assets that necessarily take substantial period of time to get ready for their intended use are capitalised along with the respective property, plant and equipment up to the date such asset is ready for use. Other borrowing costs are charged to the statement of profit and loss.

(u) Cash and cash equivalents

Cash and cash equivalent in the balance sheet and for the purpose of statement of cash flows comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. These do not include bank balances earmarked/restricted for specific purposes.

(v) Government grants

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

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

(w) Measurement of Earnings before Interest ,tax, depreciation and amortization (EBITDA)

Ind AS compliant Schedule III allows line items, sub-line items and sub-totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the Group's financial position /performance.

Accordingly, the Group has elected to present earnings before net finance cost, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortization expense, interest income, finance costs, and tax expense.

(x) Treasury Shares

The group has created a Lava Welfare Trust ('the trust') for providing share-based payment to its employees. The group uses the trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The trust buys Company's shares from the employees of the Company as per the employee remuneration schemes. The group treats the trust as its extension and shares held by the trust are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in general reserve. Share options exercised during the reporting period are settled with treasury shares.



LAVA International Limited
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(All amounts in Indian Rupees Million unless otherwise stated)

3 Property, plant and equipment

	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Vehicles	Demonstration fixtures	Leasehold improvements	Land	Electrical installations	Total Capital work-in-progress*
Gross Carrying Value										
At 31 March 2019	608.46	44.48	96.49	186.19	13.70	692.96	440.28	30.04	4.04	2,116.64
Additions	26.39	0.60	1.62	2.93	-	-	0.51	-	-	32.05
Disposals	25.39	3.64	5.76	32.01	-	-	49.34	-	3.25	119.39
Exchange difference	0.00	0.11	1.66	0.44	(0.20)	52.89	0.90	-	-	55.80
At 31 March 2020	609.46	41.55	94.01	157.55	13.50	745.85	392.35	30.04	0.79	2,085.10
Additions	165.39	-	0.84	10.90	6.39	519.98	17.05	-	-	720.55
Disposals	4.16	1.96	7.97	12.46	-	-	4.42	-	-	30.97
Exchange difference	0.27	(1.81)	(1.95)	5.72	(1.61)	(27.64)	(3.05)	-	0.01	(30.06)
At 31 March 2021	770.96	37.78	84.93	161.71	18.28	1,238.19	401.93	30.04	0.80	2,744.62
Accumulated Depreciation										
At 31 March 2019	170.30	31.35	66.06	157.10	11.68	421.95	285.78	-	1.18	1,145.40
Charge for the year	88.66	7.11	17.86	23.81	1.04	55.75	30.88	-	0.39	225.50
Disposals	24.41	3.42	4.33	31.91	-	-	48.49	-	1.44	114.00
Exchange difference	-	0.04	1.18	(1.15)	(0.75)	31.76	2.22	-	-	33.30
At 31 March 2020	234.55	35.08	80.77	147.85	11.97	509.46	270.39	-	0.13	1,290.20
Charge for the year	87.40	3.40	9.36	9.77	0.25	162.22	29.06	-	0.08	301.54
Disposals	0.97	1.89	8.68	13.90	0.74	-	4.42	-	-	30.59
Exchange difference	(0.45)	0.12	(5.20)	8.02	0.74	(14.76)	3.55	-	-	(7.98)
At 31 March 2021	320.53	36.71	76.25	151.74	12.22	656.92	298.58	-	0.21	1,553.16
Net Carrying Value										
At 31 March 2020	374.91	6.47	13.24	9.70	1.53	236.39	121.96	30.04	0.66	794.90
At 31 March 2021	450.43	1.07	8.68	9.97	6.06	581.27	103.37	30.04	0.59	1,191.46

* Capital work-in-progress includes leasehold improvement and plant and machinery.

Note : Certain property, plant and equipment are hypothecated as collateral against borrowings, the details of which have been described in note 11.

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LAVA International Limited
Notes to consolidated financial statements for the year ended 31 March 2021
(All amounts in Indian Rupees Million unless otherwise stated)

4 Intangible assets

	Computer Softwares and Licenses	Internally generated software	Total	Intangible asset under development
Gross Carrying Value				
As at 31 March 2019	378.30	115.21	493.51	-
Additions	-	-	-	-
Deletion	0.17	-	0.17	-
Exchange difference	67.10	-	67.10	-
As at 31 March 2020	445.23	115.21	560.44	-
Additions	13.46	12.97	26.43	-
Deletion	-	-	-	-
Exchange difference	(24.93)	1.50	(23.43)	-
Adjustment	-	-	-	-
As at 31 March 2021	433.76	129.68	563.44	-
Accumulated Amortisation				
As at 31 March 2019	304.46	62.00	366.46	-
Charge for the year	40.39	29.65	70.04	-
Disposal	-	-	-	-
Exchange difference	66.40	(0.00)	66.40	-
As at 31 March 2020	411.25	91.65	502.90	-
Charge for the year	32.17	21.69	53.86	-
Disposal	-	-	-	-
Exchange difference	(26.14)	3.22	(22.92)	-
Adjustment	-	-	-	-
As at 31 March 2021	417.28	116.56	533.84	-
Net Block				
As at 31 March 2020	33.98	23.56	57.54	-
As at 31 March 2021	16.48	13.12	29.60	-

5 Right of use asset

Particulars	Office building	Factory building	Warehouse Building	Total
Gross Carrying Value				
As at 31 March 2019	-	-	-	-
Additions	72.45	159.15	11.55	243.15
Deletion	-	-	-	-
As at 31 March 2020	72.45	159.15	11.55	243.15
Additions	-	-	-	-
Deletion	9.64	-	8.86	18.50
As at 31 March 2021	62.81	159.15	2.69	224.65
Accumulated Depreciation				
As at 31 March 2019	-	-	-	-
Additions	11.47	21.82	1.68	34.97
Deletion	-	-	-	-
As at 31 March 2020	11.47	21.82	1.68	34.97
Additions	11.47	21.82	1.68	34.97
Deletion	4.36	-	2.57	6.93
As at 31 March 2021	18.58	43.64	0.79	63.01
As at 31 March 2020	60.98	137.33	9.87	208.18
As at 31 March 2021	44.23	115.51	1.90	161.64



6 Financial assets

6 (a) Non-current investments (Unquoted)

	As at 31 March 2021		31 March 2020	
	No of Units	Amount	No of Units	Amount
Investments in equity instruments of other entities (at fair value through other comprehensive income)				
Equity Share of .001 SGD each fully paid up of Abhriya Pte. Ltd.*	63,860	-	63,860	-
500 (31 March 2020: 500) Equity Share of 10,000 CNY each fully paid up of Shenzhen Inone Technology Co, Limited (Formerly known as Xolo Technology (Shenzhen) Limited).	500	58.25	500	60.17
20,000 (31 March 2020: 20,000) Equity shares of Rs.10 each fully paid up of Sri Venkateswara Mobile & Electronics Manufacturing Hub Private Limited	20,000	0.20	20,000	0.20
		<u>58.45</u>		<u>60.37</u>
Aggregate amount of unquoted investment		58.45		60.37

*As at 31 March 2021, the Group has fair valued the investment at Nil (31 March 2020 - Nil) amount as there is no future economic benefit expected from the investment.

6 (b) Current investments

	As at 31 March 2021		31 March 2020	
	No of Units	Amount	No of Units	Amount
Investment in Mutual funds (Quoted) (at fair value through profit or loss)				
Union Capital Protection Oriented Fund - Series 8	-	-	2,000,000	20.69
LIC MF - Ultra Short Term Funds - Regular Plan Growth	9,471	10.00		
		<u>10.00</u>		<u>20.69</u>
Aggregate amount of quoted investment		10.00		20.69
Market value of quoted investments		10.00		20.69



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LAVA International Limited
Notes to consolidated financial statements for the year ended 31 March 2021
(All amounts in Indian Rupees Million unless otherwise stated)

6 (c) Trade receivables

	As at 31 March 2021	As at 31 March 2020
Unsecured		
- Considered good	12,352.54	13,148.12
- Receivables from related parties, considered good (refer note 30)	0.44	-
- Considered doubtful	49.04	54.06
	<u>12,402.02</u>	<u>13,202.18</u>
Less :		
- Provision for doubtful debts	(49.04)	(54.06)
- Provision for Expected Credit Loss (ECL)*	(728.80)	-
	<u>11,624.18</u>	<u>13,148.12</u>

For terms and conditions relating to trade receivables, refer note 27.

* To comply with the requirement of Ind AS 109 - Financial Instruments, the Group has created total Expected credit loss of Rs. 728.80 million, out of which Rs. 474.80 million pertains to earlier financial years. As it was impracticable to ascertain the expected credit loss for each of respective earlier financial year, therefore, Rs. 355.29 million (net of deferred tax asset of Rs 119.51 million), in compliance with the requirements of para 44 of IND AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, has been adjusted to the retained earnings. Expected credit loss of Rs. 254.00 million pertains to the FY 2020-21 and has been recognised as expense for the year.

6 (d) Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Balances with banks:		
On current accounts	158.53	96.25
Deposits with original maturity of less than three months #	77.27	81.27
Cash on hand	2.95	8.86
	<u>238.75</u>	<u>186.38</u>

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

6 (e) Other bank balances

	As at 31 March 2021	As at 31 March 2020
Deposits with remaining maturity for more than three months but less than twelve months #	1,612.66	1,301.75
	<u>1,612.66</u>	<u>1,301.75</u>

6 (f) Loans (Non Current)

	As at 31 March 2021	As at 31 March 2020
Security deposits		
- Considered good	30.32	26.15
- Considered doubtful	4.92	-
	<u>35.24</u>	<u>26.15</u>
Less: Provision for doubtful deposits	(4.92)	-
	<u>30.32</u>	<u>26.15</u>

6 (g) Loans (Current)

	As at 31 March 2021	As at 31 March 2020
Security deposits	9.59	11.99
	<u>9.59</u>	<u>11.99</u>

6 (h) Other financial assets (Non-Current)

	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good unless stated otherwise		
Other receivable	19.33	19.33
Bank deposits		
Bank deposits with remaining maturity of more than twelve months #	1.06	0.86
Interest accrued on bank deposits	0.43	0.31
	<u>20.82</u>	<u>20.50</u>

Includes margin money deposits under lien (refer note 6 (d) ,6 (e) and 6 (h)):-

- against letter of credit facility
- against amount paid under protest (excluding interest accrued) (refer note 31 (B) (b)(i))

915.46	648.31
300.00	300.00



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LAVA International Limited
Notes to consolidated financial statements for the year ended 31 March 2021
(All amounts in Indian Rupees Million unless otherwise stated)

6 (i) Other financial assets (Current)

Unsecured, considered good unless stated otherwise

	As at 31 March 2021	As at 31 March 2020
Interest accrued on bank deposits	123.72	149.27
Derivative asset	-	5.78
- Considered good	339.96	1,149.69
Total	463.68	1,304.74

7 Inventories

(Valued at lower of cost or net realisable value)

	As at 31 March 2021	As at 31 March 2020
Raw materials and components (refer note 1 & 2 below)	1,429.14	649.23
Finished goods (refer note 1 & 2 below)	922.46	242.14
Traded goods (refer note 2 below)	1,277.32	534.52
Spares (refer note 1 & 2 below)	809.71	938.87
	4,438.63	2,364.76

Note 1 including stock in transit

- Raw materials and components

230.09	99.58
--------	-------

Note 2 The above inventory is net of :-

a) Write down of inventory from cost to net realisable value

Finished goods

Traded goods

Spares

11.22	3.62
-------	------

5.29	4.79
------	------

58.13	108.93
-------	--------

b) Provision for inventory obsolescence

Finished goods

Traded goods

Spares

Raw materials, components and semi-finished goods

5.41	3.09
------	------

4.53	4.69
------	------

102.40	108.97
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5.38	-
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8 (a) Other assets (Non-Current)

Unsecured, considered good, unless otherwise stated

	As at 31 March 2021	As at 31 March 2020
Capital advances	50.92	57.42
Prepaid expenses	0.23	0.58
	51.15	58.00

8 (b) Other assets (Current)

Unsecured, considered good, unless otherwise stated

		As at 31 March 2021	As at 31 March 2020
Prepaid expenses	(A)	41.44	17.36
Balance with statutory/ government authorities	(B)	799.53	1,328.59
Advances to vendors			
- Considered good		2,505.58	2,694.56
- Advances to related parties, considered good (refer note 30)		-	0.04
- Considered doubtful		56.18	65.48
		2,561.76	2,760.08
Less: Provision for doubtful advances		(56.18)	(65.48)
	(C)	2,505.58	2,694.60
Others		762.14	152.80
Total (A + B + C + D)	(D)	4,108.69	4,193.35

9 Advance tax assets (net)

	As at 31 March 2021	As at 31 March 2020
Advance tax asset	1.95	0.97
	1.95	0.97



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10 Equity Share capital and Instruments entirely equity in nature

	As at 31 March 2021	As at 31 March 2020
Authorised shares		
147,900,000 (31 March 2020 : 147,900,000) equity shares of Rs 10 each	1,479.00	1,479.00
100,000 (31 March 2020 : 100,000) Compulsory Convertible Preference Shares (CCPS) of Rs 10/- each	1.00	1.00
500,000 (31 March 2020 : 500,000) Compulsory Convertible Preference Shares (CCPS) of Rs 100 each	50.00	50.00
	1,530.00	1,530.00
Issued, subscribed and fully paid-up shares		
124,866,902 (31 March 2020 : 124,866,902) equity shares of Rs 10 each	1,248.67	1,248.67
100,000 (31 March 2020 : Nil) Compulsory Convertible Preference Shares (CCPS) of Rs 10/- each*	1.00	-
500,000 (31 March 2020 : 500,000) Compulsory Convertible Preference Shares (CCPS) of Rs 100 each	50.00	50.00
Total issued, subscribed and fully paid-up share capital	1,299.67	1,298.67

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

Equity shares

	Amount		No of Shares	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
At the beginning of the year	1,248.67	1,248.67	124,866,902	124,866,902
Issued during the year	-	-	-	-
Outstanding at the end of the year	1,248.67	1,248.67	124,866,902	124,866,902

Instruments entirely equity in nature -Compulsory Convertible Preference Shares (CCPS)

	Amount		No of Shares	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
At the beginning of the year	50.00	50.00	500,000	500,000
Transfer during the year	1.00	-	-	-
Outstanding at the end of the year	51.00	50.00	500,000	500,000

(b) Terms/ rights attached to equity shares

The Group has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share and dividends in proportion to their shareholding. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive residual assets of the Group's after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Terms/ rights attached to Compulsory Convertible Preference Shares (CCPS)

- i. During the year ended 31 March 2018, the Group has issued 500,000 Compulsory Convertible Preference Shares (CCPS) of Rs. 100 each. The preference shares shall collectively be entitled to dividend of 0.0001% of the aggregate face value of the preference shares.

As per the terms of Subscription and Shareholders Agreement, the preference shares may be converted, at any time at the discretion of the CCPS holder, into fixed number of equity shares (calculated at 3.48% of the share capital at funding date i.e. 8.32 number of equity shares per CCPS). If any of the preference shares have not been converted into equity shares within 19 years and 11 months, such remaining preference shares shall be automatically and compulsorily converted into such number of equity shares upon the expiry of such period.

- ii. During financial year 2017-18, the Group has issued 100,000 Compulsory Convertible Preference Shares (CCPS) of Rs. 10 each for a consideration of Rs 520.00 million. The CCPS shall carry a coupon of 0.0001% and shall be non-cumulative in nature, which is to be declared at the discretion of the shareholder of the Group.

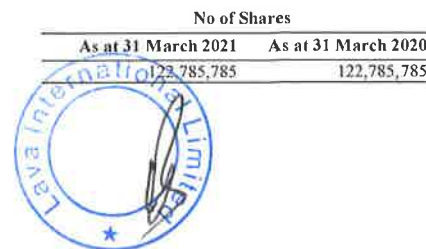
The number of shares to be allotted upon conversion of CCPS shall be based upon the conversion price arrived at on the conversion date, as per below condition defined in the agreement. In the event Group is not able to get listed on a recognised stock exchange within four years, the Group or Promoters shall buy-back or purchase all of the shares and CCPS held by CCPS holder at a price not less than the Sale Price. Sale Price shall be the Subscription Price and a return of 9% per annum compounded annually from Closing date till the date of purchase of all subscription shares or CCPS. In view of the same, the Group has accrued interest @ 9% every year. In response of the exercise the option available after 4 years, Group has to issue 13,42,208 equity shares against 1,00,000 CCPS.

* In the current year, based on the terms of Investment agreement, and confirmation of the number of shares to be issued, and price thereof, CCPS which was earlier classified under 'Long Term Borrowing' now meets the criterion of Equity and accordingly the amount has been reclassified as 'Instruments entirely equity in nature' and 'Security premium'

(c) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

	No of Shares	
	As at 31 March 2021	As at 31 March 2020
Equity shares allotted as fully paid bonus shares	122,785,785	122,785,785

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(d) Details of shareholders holding more than 5% shares in the Group:*
Equity Shares of Rs. 10 each fully paid

	No of Shares		Percentage shareholding	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Hari Om Rai	45,083,890	45,083,890	36.11%	36.11%
Sunil Bhalla	28,390,372	28,390,372	22.74%	22.74%
Vishal Sehgal	22,104,352	22,104,352	17.70%	17.70%
Shailendra Nath Rai	11,746,028	11,746,028	9.41%	9.41%
Shibani Sehgal	7,260,720	7,260,720	5.81%	5.81%

*As per records of the Group, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownerships of shares.

(e) The Group has not issued any shares pursuant to contract without payment being received in cash or bought back any shares during the period immediately preceding five years from the reporting date.

(f) Shares reserved for issue under options :

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Group, please refer note 32.

11 Financial liabilities

11(a) Long term borrowings

	As at 31 March 2021	As at 31 March 2020
Indian rupee term loan from banks (secured) (refer note I)	-	33.58
Nil (Previous years :100,000) Compulsory Convertible Preference Shares (CCPS) of Rs 10/- each (refer note II)	-	520.00
	-	553.58
Current maturities of long term borrowings [refer note 11 (e) & 11(a)(Note I)]	65.88	119.70

Note I

(i) Indian rupee term loan from ICICI bank of Nil amount(31 March 2020: Rs. 34.88 million) which carried interest @ 11.15% p.a. (31 March 2020:11.80% p.a.)and repayable in thirty equal quarterly instalments with first payment commencing from the 7th month of date of disbursement. The loan was repaid by 15 April 2020. The loan was secured on first pari-passu charge basis by way of hypothecation of movable fixed assets (present and future) and further secured on second pari-passu charge basis by way of hypothecation of overall current assets (both present and future) of the Company. Further, the loan had been personally guaranteed by certain directors of the Group.

(ii) Indian rupee term loan from HDFC bank amounting to Rs. 57.11 million (31 March 2020: 119.42 million) which carries interest @ 8.80%-10.60% p.a (31 March 2020:11.15% p.a.) and repayable in equal monthly instalments starting after 6 months from month of first disbursement. The loan is to be repaid by 6 November 2021. The loan is secured on first pari-passu charge basis by way of hypothecation of machinery and equipment purchased from the term loan and further secured on second pari-passu charge basis by way of hypothecation of overall current assets (current and future) of the Company. Further, the loan has been personally guaranteed by certain directors of the Group.

(iii) Indian rupee term loan has been obtained during the period from Punjab national bank (erstwhile United Bank Of India) amounting to Rs. 11.20 million. The amount outstanding against the said loan is Rs. 8.76 million (31 March 2020: Nil) which carries interest @ 8.25% p.a (31 March 2020:Nil). and repayable in 18 equal monthly instalments after a moratorium period of 6 months from date of disbursement of loan. The loan is scheduled to be repaid by 31 March 2022. The loan is secured on first pari-passu charge basis by way of hypothecation overall current assets (current and future) of the Group. Further, the loan has been personally guaranteed by certain directors of the Group and their relatives.

Note II

During financial year 2017-18, the Group has issued 100,000 Compulsory Convertible Preference Shares (CCPS) of Rs. 10 each for a consideration of Rs 520.00 million. The CCPS shall carry a coupon of 0.0001% and shall be non-cumulative in nature, which is to be declared at the discretion of the shareholder of the Group.

The preference shares may be converted into the equity shares at any time at the discretion of the CCPS holder, subject to the terms of the agreement. If any of the preference shares have not been converted to equity shares within 10 years from the allotment date, then such remaining preference shares shall be compulsorily converted into equity shares upon the expiry of such period.

The number of shares to be allotted upon conversion of CCPS shall be based upon the conversion price arrived at on the conversion date, as per below condition defined in the agreement. In the event Group is not able to get listed on a recognised stock exchange within four years, the Group or Promoters shall buy-back or purchase all of the shares and CCPS held by CCPS holder at a price not less than the Sale Price. Sale Price shall be the Subscription Price and a return of 9% per annum compounded annually from Closing date till the date of purchase of all subscription shares or CCPS. In view of the same, the Group has accrued interest @ 9% every year.

In the current year, based on the terms of Investment agreement, and confirmation of the number of shares to be issued, and price thereof, CCPS which was earlier classified under 'Long Term Borrowing' now meets the criterion of Equity and accordingly the amount has been reclassified as 'Instruments entirely equity in nature' and 'Security premium'

11 (b) Short-term borrowings

	As at 31 March 2021	As at 31 March 2020
Short term loan (unsecured)	240.00	-
Cash credit from banks (secured)*	725.32	1,094.42
	965.32	1,094.42

*Secured by way of hypothecation on first pari-passu charge basis, on overall current assets of the Group (current and future) and collateral securities/personal guarantees of promoter directors and relative of promoter directors. The said loan is further secured:

(1) by way of a first charge of hypothecation on pari-passu basis, of existing and future movable fixed assets of the Group excluding software and machineries/ assets created by way of term loans from other banks and financial institutions.

(2) by way of a second charge of hypothecation on pari-passu basis, of such existing and future movable fixed assets of the borrower such machineries/ other assets which are created by way of term loans from other banks and financial institutions.

The cash credit is repayable on demand and carries interest @ 10.75% per annum to 12.10% per annum.

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11 (c) Trade payables

Trade payables (refer note 33 for details of dues to micro and small enterprises)
Payable to related parties (refer note 30)

As at 31 March 2021	As at 31 March 2020
5,081.81	4,965.37
-	0.15
5,081.81	4,965.52

11 (d) Other financial liabilities (Non-current)

Interest accrued on borrowings (refer note 10(b)(ii))
Lease Liability (refer note 37)

As at 31 March 2021	As at 31 March 2020
-	120.40
162.60	199.96
162.60	320.36

11 (e) Other financial liabilities (current)

Current maturities of long term borrowings (refer note 11(a))
Payable for capital purchases
Security deposits
Interest accrued on borrowings
Employee payables
Lease Liability (refer note 37)

As at 31 March 2021	As at 31 March 2020
65.88	119.70
47.26	0.83
922.00	282.52
0.95	6.99
43.81	103.03
23.75	24.11
1,103.65	537.18

12 (a) Provisions (non-current)

Provision for employee benefits
Provision for gratuity (refer note 28)
Other provisions
Provision for decommissioning liabilities #

As at 31 March 2021	As at 31 March 2020
48.53	42.96
3.02	3.02
51.55	45.98

12 (b) Provisions (current)

Provision for employee benefits
Provision for gratuity (refer note 28)
Provision for leave benefits

As at 31 March 2021	As at 31 March 2020
17.52	13.33
27.53	34.65
45.05	47.98

Other provisions

Provision for warranties*

203.30	186.12
203.30	186.12
248.35	234.10

* The Group provides warranty on its products by giving an undertaking to repair/replace items to the customers, which fails to perform satisfactorily during the warranty period. Provision made represents the amount of the expected cost of meeting such obligations of repair/replacement. The timing of the outflows is expected to be in next 12 months (31 March 2020 : 12 months)

At the beginning of the year
Arising during the year
Less :Utilized /reversed during the year
At the end of the year

As at 31 March 2021	As at 31 March 2020
186.12	318.63
1,143.71	854.51
(1,126.53)	(987.02)
203.30	186.12

Under few operating lease agreements entered by the Group's, it has to incur restoration cost for restoring lease premises to the original condition at the time of expiry of lease period. The timing of the outflows is expected to be in next 3 years.

At the beginning of the year
Arising during the year
At the end of the year

As at 31 March 2021	As at 31 March 2020
3.02	4.30
-	(1.28)
3.02	3.02

13 Other current liabilities

Advance from customers
Value added tax/Central sales tax payable
Tax deductible at source
Other statutory liabilities

As at 31 March 2021	As at 31 March 2020
386.20	1,462.77
74.23	67.63
18.54	11.81
30.54	16.74
509.51	1,558.95

14 Current Tax Liabilities (net)

Provision for income tax*

As at 31 March 2021	As at 31 March 2020
361.14	367.19
361.14	367.19

*Net of advance tax and TDS receivable amounting to Rs. 2,920.77 million (31 March 2020: Rs. 2,743.03 million)

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Notes to consolidated financial statements for the year ended 31 March 2021

(All amounts in Indian Rupees Million unless otherwise stated)

15 Revenue from operations

	For the year Ended 31 March 2021	For the year Ended 31 March 2020
Sale of products	54,883.67	51,265.36
Sale of services	231.02	1,319.36
Other operating revenues		
- Scrap sale	4.78	5.70
- Export incentives	9.27	52.87
Revenue from operations (net)	55,128.74	52,643.29

16 Other income

	For the year Ended 31 March 2021	For the year Ended 31 March 2020
Interest income on financial asset at amortised cost	1.35	6.44
Interest income on fixed deposits with banks	74.15	116.22
Interest income on others	0.15	0.18
Net gain on sale of mutual fund investments	3.09	-
Fair value gain on derivative financial instruments at fair value through profit or loss	-	13.35
Profit on sale of property, plant and equipment	0.99	-
Provision for doubtful debts written back	-	-
Gain on investment at fair value through profit or loss	2.00	-
Exchange differences (net)	-	31.89
Miscellaneous income	26.31	13.11
	108.04	181.19

17 Cost of raw material and components consumed

	For the year Ended 31 March 2021	For the year Ended 31 March 2020
Inventory materials at the beginning of the year	649.23	909.88
Purchase during the year	12,346.66	11,045.84
Less: Inventory materials at the end of the year	(1,429.14)	(649.23)
Cost of raw material and components consumed*	11,566.75	11,306.49

* (net of CVD accrued including recoverable charges for delayed payment) (refer note 35)

18 (Increase) / decrease in inventories

	For the year Ended 31 March 2021	For the year Ended 31 March 2020
Inventories at the end of the year		
Traded goods	1,277.32	534.52
Spares for handsets	809.71	938.87
Finished goods	922.46	242.14
Inventories at the beginning of the year		
Traded goods	534.52	876.35
Spares for handsets	938.87	866.58
Finished goods	242.14	1,586.20
Change in inventories	(1,293.96)	1,613.60

19 Employee benefit expenses

	For the year Ended 31 March 2021	For the year Ended 31 March 2020
Salary, wages and bonus	1,557.08	1,762.22
Contribution to provident and other fund	48.80	60.86
Gratuity expense (refer note 28)	15.23	14.35
Share based payment expense	85.54	-
Staff welfare, recruitment and training	195.57	153.25
	1,902.22	1,990.68

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LAVA International Limited

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(All amounts in Indian Rupees Million unless otherwise stated)

20 Other expenses

	For the year Ended 31 March 2021	For the year Ended 31 March 2020
Power and fuel	42.85	47.54
Rent	59.17	134.54
Rates and taxes	4.70	14.46
Insurance	11.31	12.45
Repair and maintenance - others	68.71	84.98
Advertisement and marketing expenses	1,675.10	1,469.56
Sales promotion, Scheme expenses and Expected Credit Loss Provision [refer Note 6(c) for ECL]	496.09	641.86
Freight and cartage	281.66	198.51
Outsourced salary cost	39.22	26.37
Travelling and conveyance	34.32	119.07
Communication costs	7.62	12.17
Warranty	1,143.71	854.51
Legal and professional fees	157.04	168.84
Payment to auditor (refer details below)	3.95	4.80
Exchange differences (net)	69.89	-
Corporate social responsibility expense (refer note 34)	35.65	4.00
Advances written off	8.66	40.33
Loss on sale of property, plant and equipment	-	3.27
Fair value loss on derivative financial instrument at fair value through profit or loss	10.93	-
Loss on investment at fair value through profit or loss	-	0.92
Net loss on sale of mutual fund investments	-	0.17
Miscellaneous expenses	11.91	33.48
	4,162.49	3,871.83

Payment to auditor *

	For the year Ended 31 March 2021	For the year Ended 31 March 2020
As auditor:		
Audit fee	3.60	4.50
Tax audit fee	0.35	0.30
	3.95	4.80

(*Audit Fee for the year Ended 31 March 2020 relates to Previous Auditor and for the year ended 31 March 2021 relates to current Auditors)

21 Depreciation and amortisation expense

	For the year Ended 31 March 2021	For the year Ended 31 March 2020
Depreciation expense		
- on Property, Plant and Equipment	301.54	225.50
- on Right of use Asset	34.97	34.97
Amortisation expense on Intangible Assets	53.86	70.04
	390.37	330.51

22 Finance costs

	For the year Ended 31 March 2021	For the year Ended 31 March 2020
Interest on		
-Term loan	14.05	27.85
-Cash credit	106.97	104.72
-Lease liability	24.98	27.11
-Security deposits	7.36	3.90
-Instruments entirely liability in nature	-	46.93
-Others	47.10	12.35
Bank charges	85.30	167.08
	285.76	389.94

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23 Income tax

(a) The major components of income tax expense for the year ended as follows are:

	31 March 2021	31 March 2020
Current income tax:		
Current income tax charge	332.67	201.60
Adjustments in respect of income tax of previous year	(30.80)	22.99
Deferred tax :		
Relating to origination and reversal of temporary differences	(193.66)	(35.73)
Total tax expense on profit for the period (a)	108.21	188.86
Other comprehensive income		
Deferred tax related to items recognised in other comprehensive income during in the year:		
- Re-measurement losses of defined benefit plan	(0.41)	(0.21)
- Change in fair value of FVOCI equity instruments	-	-
Total tax expense on other comprehensive income of the year (b)	(0.41)	(0.21)
Total tax expense on total comprehensive income for the period (a) + (b)	107.79	188.65

(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

Particulars	31 March 2021	31 March 2020
Profit before tax	1,834.29	1,266.47
Applicable tax rate	25.17%	34.94%
Expected tax expense (A)	461.69	442.55
Expenses not considered in determining taxable profit	33.10	(0.24)
Income not considered in determining taxable profit	(3.93)	(10.87)
Income exempt from tax	(345.23)	(303.02)
Impact of change in tax rates	(0.08)	(26.43)
Impact of deduction u/s 80JJAA	-	(11.44)
Tax pertaining to earlier years	(30.80)	22.99
Difference in overseas tax rates	-	-
Reversal of Deferred tax of Earlier Year	-	-
Tax losses for which no deferred tax asset was recognized	8.75	54.31
Others	(15.29)	21.00
Total adjustments (B)	(353.48)	(253.69)
Actual tax expense [C= A+B]	108.21	188.86
Tax expense recognised in statement of profit and loss	108.21	188.86

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(c) Deferred tax

Deferred tax relates to the following:

	31 March 2021	31 March 2020
Deferred tax assets on account of:		
Property, plant and equipment	(82.03)	(98.70)
Employee benefits and other payable	(23.56)	(31.77)
Provision for ECL & doubtful Advances (refer note 6 (c))	(209.92)	(41.77)
Provision for obsolescence inventories	(14.00)	-
Fair valuation of investment	0.36	(0.32)
Unrealised profit on unsold inventory	-	(3.80)
Others	-	(0.73)
Deferred tax related to other comprehensive income of the year:		
Re-measurement losses of defined benefit plan	3.77	4.19
Change in fair value of FVTOCI equity instruments	(2.31)	(2.31)
Deferred tax liability on account of:		
Tax on custom duty (43B) to be paid in future years (refer note 35)	98.58	259.70
Fair valuation of investment	-	-
Others	-	-
Net deferred tax liability including other comprehensive income for the period	(229.11)	84.49

Movement in deferred tax assets for the period ended 31 March 2021

	As at 31 March 2020	Recognised in other comprehensive income	Recognised in profit and loss	Recognised in Retained Earnings	As at 31 March 2021
Property, plant and equipment	(98.70)	-	16.67	-	(82.03)
Employee benefits and other payable	(31.77)	-	8.22	-	(23.56)
Provision for ECL & doubtful Advances (refer note 6 (c))	(41.77)	-	(48.64)	(119.51)	(209.92)
Provision for obsolescence inventories	-	-	(14.00)	-	(14.00)
Fair valuation of investment	(0.32)	-	0.68	-	0.36
Unrealised profit on unsold inventory	(3.80)	-	3.80	-	-
Others	(0.73)	-	0.73	-	-
Deferred tax related to other comprehensive income of the year:					
Re-measurement losses of defined benefit plan	4.19	(0.42)	-	-	3.77
Change in fair value of FVTOCI equity instruments	(2.31)	-	-	-	(2.31)
Deferred tax liability on account of:					
Tax on custom duty (43b) to be paid in future years	259.70	-	(161.12)	-	98.58
Fair valuation of investment	-	-	-	-	-
Others	-	-	-	-	-
Total	84.49	(0.42)	(193.66)	(119.51)	(229.11)

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Movement in deferred tax assets for the year ended 31 March 2020

	As at 31 March 2019	Recognised in other comprehensive income	Recognised in profit and loss	As at 31 March 2020
Property, plant and equipment	(72.81)	-	(25.89)	(98.70)
Employee benefits and other payable	(48.68)	-	16.91	(31.77)
Provision for doubtful debts and advances	(30.83)	-	(10.94)	(41.77)
Provision for obsolescence inventories	(19.44)	-	19.44	-
Fair valuation of investment	-	-	(0.32)	(0.32)
Unrealised profit on unsold inventory	(2.49)	-	(1.31)	(3.80)
Others	(3.45)	-	2.72	(0.73)
Deferred tax related to other comprehensive income of the year:				
Re-measurement losses of defined benefit plan	4.40	(0.21)	-	4.19
Change in fair value of FVTOCI equity instruments	(2.31)	-	-	(2.31)
				-
Deferred tax liability on account of:				
Tax on custom duty (43b) to be paid in future years	291.17	-	(31.47)	259.70
DDT on undistributed profit of associate	3.18	-	(3.18)	-
Property, plant and equipment	1.17	-	(1.17)	-
Provision for obsolescence inventories	0.52	-	(0.52)	-
Others	-	-	-	-
Total	120.44	(0.21)	(35.73)	84.49

24 Earnings per share (EPS)

The computation of earnings per share is as follow:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Nominal value of equity shares	10	10
Profit attributable to equity shareholders for computing basic and dilutive EPS (A)	1,726.08	1,077.61
Weighted average number of equity shares outstanding during the period for computing Basic EPS (B)	124,866,902	124,866,902
Dilutive effect of share based payments on weighted average number of equity shares outstanding during the period	6,375,147	6,375,147
Dilutive effect of compulsory convertible preference shares on weighted average number of equity shares outstanding during the period	5,689,744	5,689,744
Weighted average number of equity shares outstanding during the period for computing Diluted EPS (C)	136,931,793	136,931,793
Basic earning per share (A/B)	13.82	8.63
Diluted earning per share (A/C)	12.61	7.87
Adjusted Basic Earning per share *	3.46	2.16
Adjusted Diluted Earning per share *	3.15	1.97

* After the year end, but before issuance of financial statements, the Company has given effect to stock split by way of split of Face Value of equity shares from Rs. 10/- to Rs. 5/-. Also, the company has issued bonus shares to the equity shareholder's in the ratio of 1:1. Adjusted EPS has been calculated as per the requirement of Para 64 of Ind AS 33 - Earnings Per Share.

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25 Fair value measurement

25 a) The carrying value and fair value of financial instruments by categories are as under:

	Notes	31 March 2021			31 March 2020		
		FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Assets							
Non-current assets							
Financial assets							
Investments	6 (a)	-	58.45	-	-	60.37	-
Loans	6 (f)	-	-	30.32	-	-	26.15
Others	6 (h)	-	-	20.82	-	-	20.50
		-	58.45	51.14	-	60.37	46.65
Current assets							
Financial assets							
Investments	6 (b)	10.00	-	-	20.69	-	-
Trade receivables	6 (c)	-	-	11,624.18	-	-	13,148.12
Cash and cash equivalents	6 (d)	-	-	238.75	-	-	186.38
Other bank balances	6 (e)	-	-	1,612.66	-	-	1,301.75
Loans	6 (g)	-	-	9.59	-	-	11.99
Derivative asset	6 (i)	-	-	-	5.78	-	-
Others	6 (i)	-	-	463.68	-	-	1,298.96
		10.00	-	13,948.86	26.47	-	15,947.20
Liabilities							
Non-current liabilities							
Financial liabilities							
Borrowings	11(a)	-	-	-	-	-	553.58
Other financial liabilities	11 (d)	-	-	162.60	-	-	320.36
		-	-	162.60	-	-	873.94
Current liabilities							
Financial liabilities							
Borrowings	11 (b)	-	-	965.32	-	-	1,094.42
Trade payables	11 (c), 33	-	-	5,081.81	-	-	4,965.52
Derivative liability	11 (e)	-	-	-	-	-	-
Other financial liabilities	11 (e)	-	-	1,103.65	-	-	537.18
		-	-	7,150.78	-	-	6,597.12

The fair values of trade receivables, cash and cash equivalents, other current financial asset, trade payables and other current financial liabilities are considered to be same as their carrying values due to their short term nature.

The carrying amounts of other items carried at amortised cost are reasonable approximation of their fair values on respective reporting date.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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LAVA International Limited

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25 b) Fair value hierarchy and valuation techniques used to determine fair values:

To provide an indication about the reliability of inputs used in determining fair value, the Group has classified its financial instrument into three levels prescribed under the accounting standard. The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as :

At 31 March 2021	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets measured at FVTPL				
Investment in mutual funds	10.00	-	-	10.00
Assets measured at FVTPL				
Derivative asset	-	-	-	-
Assets measured at FVTOCI				
Investment in equity instruments	-	-	58.45	58.45
At 31 March 2020				
At 31 March 2020	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets measured at FVTPL				
Investment in mutual funds	20.69	-	-	20.69
Assets measured at FVTPL				
Derivative asset	-	5.78	-	5.78
Assets measured at FVTOCI				
Investment in equity instruments*	-	-	60.37	60.37

* Investment in Abhriya Pte. Ltd. has been valued at zero value i.e. at fair value and it has been shown in other reserve amounting to Rs 7.69 million in Reserve and surplus.

- There were no transfers between the Level 1, Level 2 and Level 3 during the years presented.
- There is no change in the valuation technique during the period.

Valuation techniques used to derive Level 1 fair values

The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

Valuation techniques used to derive Level 2 fair values

Derivative asset/ liability representing forward foreign exchange contracts have been fair valued using dealer/counter party quotes at balance sheet date.

Valuation techniques used to derive Level 3 fair values

Inputs for the assets or liabilities that are not based on observable market data. A one percent change in the unobservable inputs used in fair valuation of Level 3 assets doesn't have a significant impact in its value.

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LAVA International Limited**Notes to consolidated financial statements for the year ended 31 March 2021***(All amounts in Indian Rupees Million unless otherwise stated)***26 Capital management**

The Group's objectives while managing capital are to safeguard its ability to continue as a going concern and to provide adequate returns for its shareholders and benefits for other stakeholders. The Group's policy is generally to optimise borrowings at an operating Group level within an acceptable level of debt. The Group's policy is to borrow using a mixture of long-term and short-term debts together with cash generated to meet anticipated funding requirements.

The Group monitors capital using a gearing ratio, which is calculated as underlying net debt divided by total capital plus underlying net debt. The Group's policy is to keep the gearing ratio below 40%. The Group measures its underlying net debt as total debt reduced by cash and cash equivalents. The Group monitors compliance with its debt covenants. The Group has complied with all debt covenants at all reporting dates.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

As at	31 March 2021	31 March 2020
Borrowings	1,031.20	1,767.70
Less: Cash and cash equivalents	(238.75)	(186.38)
Net debt	792.45	1,581.32
Equity	15,891.15	14,080.59
Total capital	15,891.15	14,080.59
Capital and net debt	16,683.60	15,661.91
Gearing ratio (%)	4.75%	10.10%

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27 Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and overdrafts, and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, cash, and short-term deposits, which arise directly from its operations. The Group also holds mutual fund investments and enters into derivative transactions.

The main risks arising from the Group's financial instruments are price risk, interest rate risk, liquidity risk, foreign currency risk, and credit risk.

The Board of Directors review and agree policies for managing each of these risks which are summarised below.

Price risk

The Group is mainly exposed to the price risk due to its investment in equity instruments and mutual funds. The price risk arises due to uncertainties about the future market values of these investments. In order to manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio in accordance with the limits set by the risk management policies. The Group does not have significant investment in equity instruments.

Set out below is the impact of a 1% movement in the NAV of mutual funds on the Group's profit before tax:

As at	31 March 2021	31 March 2020
Effect on profit before tax:		
NAV increase by 100 bps	0.10	0.21
NAV decrease by 100 bps	(0.10)	(0.21)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed, floating rate borrowings.

The following table provides a breakdown of the Group's fixed and floating rate borrowings:

As at	31 March 2021	31 March 2020
Fixed rate borrowings	-	520.00
Floating rate borrowings	1,031.20	1,247.70
Total	1,031.20	1,767.70

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, being a 0.5% increase or decrease in interest rate, with all other variables held constant, of the Group's profit before tax due to the impact on floating rate borrowings.

As at	31 March 2021	31 March 2020
Effect on profit before tax:		
PLR*- decrease by 50 bps	5.15	6.23
PLR*- increase by 50 bps	(5.15)	(6.23)

*Prime Lending Rate ('PLRs') set by individual Indian banks in respect of their loans.

Credit risk

The Group is also exposed to credit risk from trade receivables, term deposits, liquid investments and other financial instruments.

(i) Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. All customers are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis. The Group is exposed to credit risk in the event of non-payment by customers. An impairment analysis is performed at each reporting date by grouping the receivables in homogeneous group. Trade receivables are non-interest bearing and are generally on original credit terms of 30 to 180 days depending upon category and nature of customers. Considering the request of certain distributors for becoming more competitive under the current market scenario and to enhance the overall market share, the management has decided to extend the credit terms on case-to-case basis to its distributors which shall be helpful to penetrate the potential opportunities of enhancing the overall market share. For this purpose, the management has done credit evaluation on the distributors based on their business relationships with the Group and the market credibility as well as established a mechanism of monitoring the availability and marketability of inventory levels lying with the retailer network.

Trade receivables (refer note 6(c)) include amounts (see below for aged analysis) of Rs.7852.15 million (31 March 2020 : Rs. 5,774.08 million) with the extended credit period at the reporting date. To ensure the recovery in such cases, the Group keeps monitoring the stocks levels lying with the distributors and in the market with the retail network through its field sales forces. The Group territory managers are ensuring that the stocks available in the retail market are in marketable position and are also monitoring the movement of products, which helps the Group to keep the overall control that the recoveries are certain and not dependent only upon the financial strength of any distributor. In the post COVID scenario, the Group expects to benefit from the Atmanirbhar Bharat (self-reliant India) initiatives of the government of India, the increased thrust on manufacturing in India resulting in enhanced competitiveness of its products which in turn shall be helpful to the Group's distributors to reduce the inventory levels and achieve higher sales. Considering the above, the Group is confident of the recoveries of its dues with extended credit period and the management is of the view that these amounts are completely recoverable within the extended credit period. Based on their credit evaluation, management considers these trade receivables as high quality and accordingly, no life time expected credit losses are recognized on such receivables. The Group considers that trade receivables are not credit impaired as these are receivable from credit worthy counterparties. To comply with the requirement of Ind AS 109 - Financial Instruments, the Group has created total ECL of Rs. 728.80 million, out of which Rs. 474.80 million pertains to earlier financial years. As it was impracticable to ascertain the ECL for each of respective earlier financial year, Rs. 355.29 million (net of deferred tax asset of Rs 119.51 million), in compliance with the requirements of para 44 of IND AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, has been adjusted to the retained earnings. Expected credit loss of Rs. 254.00 million pertains to the FY 2020-21 and has been recognised as expense for the year. For terms and conditions relating to related party receivables, refer note 30.



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LAVA International Limited
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(ii) The credit risk for cash and cash equivalents, other bank balances, term deposits, etc. is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Ageing based on original credit terms but not impaired receivables is as follows:

As at	31 March 2021	31 March 2020
0-180 days	4,549.88	7,428.10
180-365 days	2,187.11	3,006.37
1 year plus	5,665.03	2,767.71
Total	12,402.02	13,202.18

The Group has provisions of Rs. 49.04 million (31 March 2020 : Rs. 54.06 million) for doubtful debts. None of those trade debtors past due or impaired have had their terms renegotiated. The maximum exposure to credit risk at the reporting date is the fair value of each class of debtors presented in the financial statements.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

Liquidity risk

The Group monitor their risk of shortage of funds using cash flow forecasting models. These models consider the maturity of their financial investments, committed funding and projected cash flows from operations.

The Group's objective is to provide financial resources to meet its business objectives in a timely, cost effective and reliable manner. A balance between continuity of funding and flexibility is maintained through the use of bank borrowings. The Group also monitors compliance with its debt covenants. The maturity profile of the Group's financial liabilities based on contractual undiscounted payments is given in the table below:

	<1yr	1-5 yrs	>5 yrs	Total
As at 31 March 2021				
Borrowings (including interest accrued)	1,032.15	-	-	1,032.15
Compulsory Convertible Preference Shares (CCPS) (including interest accrued)	-	-	-	-
Trade payables	5,081.81	-	-	5,081.81
Derivative liability	-	-	-	-
Other financial liability	1,036.83	128.22	34.38	1,199.42
Total	7,150.78	128.22	34.38	7,313.38
As at 31 March 2020				
Borrowings (including interest accrued)	1,221.11	33.58	-	1,254.69
Compulsory Convertible Preference Shares (CCPS) (including interest accrued)	-	-	640.40	640.40
Trade payables	4,965.52	-	-	4,965.52
Other financial liability	410.49	141.93	58.03	610.45
Total	6,597.12	175.51	698.43	7,471.06

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Foreign currency risk

The Group has significant purchases from outside India. The Group has transactional currency exposures arising from sales or purchases by an operating unit in currencies other than the unit's functional currency. Accordingly, the Group's financial state of affairs can be affected significantly by movements in the US dollar exchange rates. The Group enters into derivative transactions, primarily in the nature of forward foreign exchange contracts on import payables. The purpose is to manage currency risks arising from the Group's operations.

The carrying amounts of the Group's financial assets and liabilities denominated in different currencies are as follows:

As at	31 March 2021		31 March 2020	
	Financial assets INR	Financial liabilities INR	Financial assets INR	Financial liabilities INR
Indian Rupees (INR)	4,857.93	3,452.32	6,106.80	4,207.35
United States Dollar (USD)	7,667.95	3,659.51	9,836.44	2,929.36
Chinese Yuan (CNY)	-	-	13.56	144.30
Hong Kong dollar (HKD)	392.18	33.10	108.85	108.32
Other	1,150.38	168.42	15.04	81.74
Total	14,068.45	7,313.38	16,080.69	7,471.07

The Group's exposure to foreign currency arises in part where a Group holds financial assets and liabilities denominated in a currency different from the functional currency of that entity with USD being the major non-functional currency of the Group's main operating subsidiaries. Set out below is the impact of a 10% movement in the US dollar on profit before tax arising as a result of the revaluation of the Group's foreign currency financial assets and unhedged liabilities :

As at	31 March 2021	31 March 2020
Effect of 10% strengthening of INR against following on profit before tax:		
USD	(460.94)	(725.52)
CNY	-	13.07
HKD	(35.91)	(0.05)
Others	(98.20)	6.67
Effect of 10% weakening of INR against following on profit before tax:		
USD	460.94	725.52
CNY	-	(13.07)
HKD	35.91	0.05
Others	98.20	(6.67)

The Group enters into future contracts to mitigate the risk arising from fluctuations in foreign exchange rates to cover foreign currency payments.

The Group has taken future contract of the following amount to hedge against currency risk against movement in INR/US dollar. The contract as on year end are as follows :

As at	31 March 2021	31 March 2020
Amount in INR	600.93	348.14

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28 Post-employment benefits plan

Gratuity

The Company has unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss for gratuity plan and amounts recognized in the balance sheet in respect of same.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	31 March 2021	31 March 2020
Current service cost	11.52	10.49
Interest cost on benefit obligation	3.71	3.86
Net benefit expense	15.23	14.35

Balance sheet

Benefit asset/liability

	31 March 2021	31 March 2020
Present value of defined benefit obligation	(66.07)	(56.29)
Net asset/(liability) recognised in balance sheet	(66.07)	(56.29)

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

	31 March 2021	31 March 2020
Opening defined benefit obligation	56.29	54.45
Current service cost	11.52	10.49
Interest cost	3.71	3.86
Total amount recognised in profit & loss	15.23	14.35
Re-measurement (gains)/losses of defined benefit plan :		
- Due to changes in financial assumptions	1.10	1.97
- Due to experience adjustment	0.55	(1.38)
Total amount recognised in other comprehensive income	1.65	0.59
Benefits paid	(7.10)	(13.10)
Closing defined benefit obligation	66.07	56.29

The principal assumptions used in determining gratuity benefits are as below:

	31 March 2021	31 March 2020
Discount rate	5.60%	6.00%
Employee turnover*	30.00%	30.00%
Salary Escalation Rate	7.00%	7.00%

*In the retail executives category, the employee turnover ratio is above 100% based on which none of such category of employees will remain with the Company for 5 years from the date of joining. Hence, the average turnover ratio of other category of employees has been considered for the calculation of the gratuity liability for these category of employees.

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

The average duration of the defined benefit plan obligation at the end of the reporting period is 5.51 years (31 March 2020: 4.86 years)

Amounts for the current and previous four periods are as follows:

Particulars	31 March 2021	31 March 2020	31 March 2019	31 March 2018	31 March 2017
Gratuity					
Defined benefit obligation	66.07	56.29	54.45	103.98	90.02
Experience adjustments on liabilities gain / (loss)	(0.55)	1.38	18.66	4.43	(4.83)

Sensitivity Analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

	31 March 2021	31 March 2020
Projected benefit obligation on current assumptions	66.07	56.29
Delta effect of +1 % change in discount rate	(1.94)	-1.65
Delta effect of -1 % change in discount rate	2.07	1.76
Delta effect of +1 % change in salary escalation rate	2.21	1.89
Delta effect of -1 % Change in salary escalation rate	(2.11)	-1.81
Delta effect of +10 % change in rate of employee turnover	(1.31)	-1.16
Delta effect of -10 % change in rate of employee turnover	1.44	1.25



29 Segment information

Ind AS 103 establishes standards for the way the companies report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Group's operations relate to sales of mobile handsets through the distributor and retailers network. The Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on analysis of various performance indicators pertaining to business as a single segment. Accordingly, for the purpose of entity wide disclosures, only geographical information has been presented.

Business segment of the Group is primarily sale of mobile handsets.

Geographical information on revenues are collated based on individual customers invoiced or in relation to which revenue is otherwise recognized.

Geographical information:

The following table presents geographical information regarding the Group's revenue :

As at	31 March 2021	31 March 2020
India	14,826.64	16,346.73
UAE	30,102.13	15,236.64
China	-	788.81
Hong Kong	9,512.53	15,007.71
Others	795.49	5,312.95
Total	55,236.78	52,692.84

The following tables present geographical information regarding the Group's non current assets as defined in Ind AS 108 :

As at	31 March 2021	31 March 2020
India	942.52	960.89
Hong Kong	587.25	241.19
Others	0.82	2.00
Total	1,530.59	1,204.08

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30 Related parties disclosures

In accordance with the requirements of Ind AS 24 on "Related party disclosures" the names of related party whose control exist and/or with whom transactions have taken place during the year and description of the relationship, as identified and certified by the management are as below:

Names of related parties and related party relationship

Sr.No.	Related Party	Country of Incorporation	Nature of Relationship	
			31 March 2021	31 March 2020
1	MagicTel Solutions Private Limited	India	Associate	Associate
2	Yamuna Electronics Manufacturing Cluster Private Limited (YEMCPL)	India	Joint venture (Indirect)	Joint venture (Indirect)
3	Am express worldwide Logistics (Partnership Firm)	India	Enterprises owned or significantly influenced by key management personnel or their relatives :	Enterprises owned or significantly influenced by key management personnel or their relatives :
4	Ottomate International Private Limited	India	Enterprises owned or significantly influenced by key management personnel or their relatives	Enterprises owned or significantly influenced by key management personnel or their relatives
5	Key Management Personnel :-Provisional Mr. Hari Om Rai - Chainman & Managing director Mr. Shailendra Nath Rai - Whole time director Mr. Vishal Sehgal - Non Executive director Mr. Sunil Bhalla - Non Executive director Mr. Vinod Rai -Independent director Mrs. Chitra Gouri Lal - Independent director Mr. Rahul Kansal - Independent director Mr. Sumil Raina- President & Bussiness Head (w.e.f 18 May 2021) Mr. Sanjeev Agarwal Chief Manufacturing Officer (w.e.f 18 May 2021) Mr. Sourabh Raghuvanshi -Vice President - Sales & Supply Chain (w.e.f 18 May 2021) Mr. Mugdh Rajit - Senior Vice President-Head Marketing, (w.e.f 18 May 2021) Mr. Vineet Jain – Independent director (from 16 September 2016 to 19 June 2019) Mr. Rati Ram - Chief Financial Officer (from 1 November 2018 to 1 August 2019) Mr. Asitava Bose - Chief Financial Officer (with effect from 9 August 2019) Mr. Bharat Mishra - Company Secretary			

Nature of transaction	Joint Venture	
	2020-21	2019-20
A. Transactions during the year		
Advances given		
Yamuna Electronics Manufacturing Cluster Private Limited (YEMCPL)	-	0.04
B. Amount due to / from related parties		
Advance given		
Yamuna Electronics Manufacturing Cluster Private Limited (YEMCPL)	-	0.04
Other Receivables		
Yamuna Electronics Manufacturing Cluster Private Limited (YEMCPL) (Refer Note 6(h))	19.33	19.33

Nature of transaction	Associate		Parties in which Key Management Personnel of the Group are interested	
	2020-21	2019-20	2020-21	2019-20
Sale of Services				
MagicTel Solutions Private Limited	0.88	5.06	-	-

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b) Outstanding Balances with related parties

Nature of transaction	Associate		Parties in which Key Management Personnel of the Group are interested	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
B. Amount due to / from related parties				
Receivables				
MagicTel Solutions Private Limited	-	-		
Ottomate International Private Limited			0.44	0.00
Payables				
Am Express worldwide Logistics			0.00	0.15
Advance from Customer				
MagicTel Solutions Private Limited	-	0.07		

c) Key management personnel compensation

Nature of transaction	Remuneration of Key Management Personnel	
	2020-21	2019-20
Short-term employee benefits	12.26	9.61
Post-employment benefits	0.51	1.84

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and their settlement occurs in cash. For the year ended 31 March 2021 and 31 March 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

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31 Commitments and contingencies

(A) Capital and other commitments

	31 March 2021	31 March 2020
(a) Estimated amount of contracts to be executed on capital account [net of capital advances amounting to Nil million (31 March 2020: Nil million) and not provided for]	5.15	1.01

(B) Contingent liabilities

	31 March 2021	31 March 2020
Bank guarantees	313.94	198.23
Sales tax demands [refer note (a)] (amount paid under protest Rs. 126.44 million (31 March 2020: Rs.86.80 million)	469.83	438.55
	783.77	636.78

(a) Sales tax demands

(i) The Hon'ble Supreme Court of India vide its order dated 17 December 2014 in the case of State of Punjab Vs. Nokia India Pvt. Limited, has held that the mobile charger contained in the mobile phone retail pack is an independent part and shall be separately charged to VAT at rate as applicable to the chargers. The appellant has already approached the Hon'ble Supreme Court in a review petition challenging the judgement. In view of this judgement, the VAT Authorities of various states have raised demands along with interest and penalties aggregating to Rs. 126.11 million (31 March 2020: Rs. 102.63 million). The Group has filed appeal against these demands. Amount paid under protest against demands amounting to Rs. 46.50 million (31 March 2020: Rs. 42.02 million) have been disclosed under balance with statutory/government authorities in other assets.

Based on the legal assessment, management believes that the possibility of materialising sales tax demands is low. Accordingly, no provision is made in the financial statements for such demands.

(ii) Sales tax demands received of Rs 35.55 million (31 March 2020 : Rs. 34.31 million) (amount paid under protest of Rs 7.45 million (31 March 2020 : Rs. 7.39 million)) from various sales tax authorities for which the management believes that the possibility of materializing the demand is remote.

(iii) Sales tax demands received of Rs 283.70 million (31 March 2020 : Rs. 301.60 million) (amount paid under protest of Rs 70.93 million (31 March 2019 : Rs. 37.39 million)) classifying mobile phone under residuary entry under schedule- V, whereas as per lawyer's opinion product is well covered in specific entry 39 under schedule -IV for which management also believes that the possibility of materializing the sales tax demand is low. Accordingly, no provision is made in the financial statements for such demands.

(iv) Camera Module for mobile phone" is neither similar nor identical With Digital Still image video cameras" as claimed by Group and thus the items " Camera Module for Mobile phone is totally different from " Digital still image video Cameras, hence availed exemption is not eligible to Group. According to the Group, the Group have rightly claimed exemption from the payment of SWS under SR N0 30 of the notification No 11/2018 CT dated 02.02.2018 which exempts " Digital Still Image video Cameras falling under the Heading 8525 8020, considering camera module & digital still image video cameras serving the same purpose which is capturing the image and stored in data bank. Therefore, the Group have done no mistake by claiming exemption under above said notification. The period in which Group had claimed this exemption is 2nd Feb, 2018 to 31st Jul 2019. Total amount involved is Rs. 23.71 million (31 March 2020 : NIL). Against the order passed by Commissioner, the Group have filed an appeal before the CESTAT Delhi & deposited Rs. 1.56 million (31 March 2020 : NIL) of above amount for filing the appeal as prescribed under law. As per the consultant, the Group have a good case to argue and justify the claim.

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(b) Others

(i) M/s Telefonaktiebolaget LM Ericsson ('Ericsson') filed a suit for infringement of patents against the Group in the month of March 2015. The said Suit was part of the series of suits being filed by Ericsson against many mobile handset manufacturers in India. During 2015, the Group has filed a counter civil suit against Telefonaktiebolaget LM Ericsson ('Ericsson') before the Hon'ble District Court, Gautam Budh Nagar due to certain breaches.

Subsequent to Group's institution of the suit in the District Court of Gautam Buddha Nagar, Ericsson has filed a suit for permanent injunction against the Group before Hon'ble High Court, Delhi, on 23 March 2015 for infringement of Ericsson's certain patents.

Hon'ble District Court, Gautam Budh Nagar has issued notice to Ericsson. Before Ericsson filed its written statement, on application of the parties, Hon'ble Supreme Court ordered for transfer of the matter to Delhi High Court vide its order dated 31 July 2015 and the same is clubbed with the pending suit of Ericsson before the Delhi High Court.

Hon'ble High Court, Delhi vide its order dated 22 June 2016 has passed an interim order wherein the Group was enjoined from manufacturing, importing, selling its devices, subject to the condition of deposit of Rs. 300.00 million with the Registrar General of Delhi High Court. However, the operation of Interim Order was stayed till the final disposal of the main suit. The Group has complied with the said order and deposited a sum of Rs. 300.00 million. Presently the aforesaid appeal is pending adjudication before the Delhi High Court and the suit was posted for final arguments in February 2021 which has been adjourned for a future date. Based on legal advise the Group does not expect any financial exposure upon final settlement and accordingly no provision has been made in the financial statement of the Group.

Apart from above, there is no claim/case being contested with any other standard essential patent providers and the Group is confident that there is no infringement of patents.

(ii) On 01.07.2017, Research and Collaboration Agreement ('RCA') was executed between the Group, Mintellecuals LLP and Nokia Technologies as a confirming party. Under the RCA, the parties were to explore and work towards the possibility of technical and research collaborations between Mintellecuals/Nokia and the Group.

The Group made payments to Mintellecuals LLP under the RCA, with a view to receive the Research and Collaboration deliverables envisaged under the Agreement. The Parties also agreed not to challenge/assert any legal rights in relation to Technically Necessary Patents during the term of this agreement. The payments in question were being made by the Group in lieu of the executory consideration/promise/obligation of Mintellecuals/Nokia to enable and assist research and collaboration in terms of the RCA.

However, it is a matter of fact that nothing under the RCA was ever delivered by Mintellecuals/Nokia Technologies to the Group. As a result, the Group declared the RCA as frustrated and repudiated. As a result of the dispute between Mintellecuals and the Group, arbitration proceedings are going on wherein the Group has denied liability to pay any amount to Mintellecuals and also sought refund of the entire amounts already paid on the ground that the Agreement stood frustrated/repudiated. Mintellecuals has categorically denied any research and collaboration benefit to the Group under the RCA and has in fact taken a stand there is no research and collaboration deliverable under the scope of the agreement.

Management has also taken legal opinion from the lawyers and accordingly entire amount paid by Group under this agreement is fully recoverable on good legal grounds.

(iii) On 29.11.2017, Share Subscription & Shareholder Agreement ('SSSHA') was executed between the Company, Sponsors of the Company and UNIC Memory Technology (HK) Ltd. ('UNIC'). There were certain disagreements on timing of exit by UNIC, hence the parties were going through an arbitration procedure.

In relation to such ongoing arbitration, the Company, Sponsors of the Company and UNIC entered into an agreement dated August 7, 2021 and in this respect, a consent award dated September 9, 2021 was passed by the arbitral tribunal. Also, in relation to the proceedings under section 9 of the Arbitration and Conciliation Act, 1996, UNIC had filed a withdrawal application in the Delhi High Court and the same has been withdrawn through an order dated September 16, 2021.

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32 Employee stock option plans:

The plans existing during the year are as follows :

Number of options approved	15% of Equity Paid up Share capital
Method of settlement (Cash / Equity)	Cash/Equity
Vesting conditions	The employee should be on roll of the Company or its subsidiary

The details of activity under ESOP Schemes have been summarized below*:

	31 March 2021		31 March 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of year	20,147,360	10.69	20,147,360	10.69
Options granted during the year	28,554,342	6.56	-	-
Exercised / Settled during the year	-	-	-	-
Outstanding at the end of the year	48,701,702	8.27	20,147,360	10.69
Exercisable as at end of the year	20,147,360	10.69	20,147,360	10.69

The details of the ESOP outstanding are as follows:*

Range of exercise price per share	Options Outstanding as at 31 March 2021			Options Outstanding as at 31 March 2020		
	No. of shares arising out of options	Weighted Average remaining contractual life	Weighted Average Exercise price	No. of shares arising out of options	Weighted Average remaining contractual life	Weighted Average Exercise price
Rs 1 - Rs 3.125	20,444,744	4.76	2.50	-	-	-
Rs. 6.250 - Rs. 9.375	1,639,200	5.18	7.72	1,639,200	6.18	7.72
Rs. 9.375 - Rs. 12.500	18,508,158	0.27	10.95	18,508,160	2.08	10.95
Rs. 15.625 - Rs. 18.750	8,109,598	4.76	16.81	-	-	-

*Number of ESOPs and its exercise price has been calculated taking into account the following events happened post 31 March, 2021 :

- Pursuant to the approval of shareholders granted in the extra-ordinary general meeting held on 10 September 2021, the Company undertook a stock split of one existing equity share of Rs. 10 each into two fully paid up equity shares of Rs. 5 each.
- Pursuant to the approval of shareholders granted in the extra-ordinary general meeting held on 10 September 2021, the Company issued and allotted fully paid-up "bonus shares" at par in proportion of one new equity shares of Rs. 5 each for every one existing fully paid up equity share of Rs. 5 each held as on the record date of 08 September 2021.

The share based payment expense incurred during the year is shown in the following table:

	31 March 2021	31 March 2020
Expense arising from equity-settled share-based payment transactions	-	-
(Income) / Expense arising from settlement of options	85.54	-
	85.54	-



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33 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

S. No.	Particulars	31 March 2021	31 March 2020
1	The principal amount remaining unpaid to any supplier as at the end of each accounting year	20.37	11.07
2	The interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
3	The amount of interest paid by the buyer in terms of section 16 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
4	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 this Act	Nil	Nil
5	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
6	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.	Nil	Nil

34 Pursuant to the requirement of section 135 of Companies Act, 2013 and rules thereon, the Group is required to spend Rs.11.93 million (31 March 2020: Rs.21.56 million) on corporate social responsibility. During the year the Group has spent Rs. 35.65 million (31 March 2020: Rs. 4.00 million), on various CSR activities for purpose other than construction or acquisition of any asset.

35 Import of mobile phones only attracts Special Duty of Customs in lieu of Excise (CVD) which is equivalent to excise duty applicable on like goods as if manufactured or produced in India. Accordingly, mobile phones manufactured in India are subject to excise duty at the rate of 13.5% (including NCCD of 1%) if Cenvat Credit on inputs and capital goods is availed (rate of duty was 7.21% (including NCCD of 1%) till 28 February 2015) and 2% (including NCCD of 1%) if such Cenvat Credit on inputs and capital goods is not availed.

This has been further clarified by the Hon'ble Supreme Court of India in the similar cases by ruling that the benefit of exemption / concessional rate of excise duty, which is subject to a condition that no Cenvat credit on inputs or capital goods used in the manufacture of such goods shall be taken, is also available to the importers of like goods for payment of CVD under Customs.

During the financial years 2014 -2015 and 2015 - 2016, the Group was clearing the imported mobile phones by paying CVD of customs at higher rate of 7.21% before 1 March 2015 and 13.50% from 1 March 2015 instead of 2% during respective periods. The Group got re-assessed bills of entries amounting to Rs 638.47 million during the financial year 2017-18 Post clarification issued by the Hon'ble Supreme Court in M/s SRF case discussed above, and after re-assessment of bills of entries, the above said CVD amount became fully recoverable. Accordingly, the Group has claimed refund as per the Customs Act 1962.

As at 31st March 2021, total amount recoverable amounting to Rs. 391.64 million (31 March 2020: Rs. 737.18 million) (including recoverable charges for delayed payment amounting to Rs. 331.98 million (31 March 2020: Rs. 331.98 million)) was recorded, has been disclosed under "Balance with statutory/government authorities" based on legal opinion obtained.



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36 Investments accounted for using the equity method

Set out below are the associates and joint ventures of the group as at 31 March 2021 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Nature	Principal place of business	Carrying amount	
			31 March 2021	31 March 2020
MagicTel Solutions Private Limited	Associate	India	13.99	15.71
Yamuna Electronics Manufacturing Cluster Private Limited*	Joint venture	India	48.07	48.08
Total			62.06	63.79

*Through the shareholder agreement of Yamuna Electronics Manufacturing Cluster Private Limited, the Group has joint control over the entity, even though it only holds 45.33%, effectively, of the voting rights.

(i) Commitments and contingent liabilities in respect of associates and joint ventures

The group has no contingent liabilities or capital commitments relating to its interest in MagicTel Solution Private Limited and Yamuna Electronics Manufacturing Cluster Private Limited as at 31 March 2021 and 31 March 2020.

The tables below provide summarised financial information for those joint ventures and associates of the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not the Lava International Limited's share of those amounts.

Summarised Balance Sheet

	MagicTel Solutions Private Limited		Yamuna Electronics Manufacturing Cluster Private Limited	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Current assets	27.62	26.67	0.08	0.22
Non-current assets	29.77	41.28	124.29	124.29
Current liabilities	1.40	4.63	19.40	19.51
Non-Current liabilities	-	0.47	-	-
Net assets	55.99	62.85	104.97	105.00
Proportion of Group's ownership	25.00%	25.00%	45.33%	45.33%
Carrying amount of the Investment	13.99	15.71	48.07	48.08

Summarised statement of profit and loss

	MagicTel Solutions Private Limited		Yamuna Electronics Manufacturing Cluster Private Limited	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Revenue	5.57	41.98	-	-
Other income	-	1.59	-	-
Interest income	2.69	4.54	-	-
Cost of Sales	(2.67)	(40.23)	-	-
Depreciation and amortisation	(1.12)	(0.84)	-	(0.06)
Interest expense	(0.03)	(0.08)	(0.00)	(0.00)
Income tax expense/(income)	0.03	-	-	-
Employee benefit expense	(9.86)	(24.94)	-	(0.10)
Other expenses	(1.48)	(4.20)	(0.01)	(0.03)
Profit for the year	(6.86)	(22.18)	(0.01)	(0.19)
Other comprehensive income	-	-	-	-
Total comprehensive income	(6.86)	(22.18)	(0.01)	(0.19)
Tax adjustment of earlier years	-	-	-	-
Proportion of Group's ownership	25.00%	25.00%	45.33%	45.33%
Gain/ (Loss) from profit of associate/ joint venture	(1.72)	(5.54)	(0.01)	(0.09)

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Lava International Limited
Notes to consolidated financial statements for the year ended 31 March 2021
(All amounts in Indian Rupees Million unless otherwise stated)

37 Leases

The Group has adopted Ind AS 116 using the Modified retrospective method of adoption, with the date of initial application on 1st April 2019. This has resulted in recognizing a right of use assets (an amount equal to lease liability, adjusted by the prepaid lease rent) of Rs.243.15 million as at 1st April 2019. In the statement of profit and loss for the current period, operating lease expenses has changed from rent to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability.

Contractual maturities of lease liabilities:-

The details of contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020 on an undiscounted basis are as follows:-

Particulars	31 March 2021	31 March 2020
Payable not later than 1 year	23.75	24.11
Payable later than 1 year and not later than 5 year	128.22	141.93
Later than 5 year	34.38	58.03
	186.34	224.07

Lease liability

Particulars	Office building	Factory building	Warehouse Building	Total
As at 31 March 2019	-	-	-	-
Addition in lease liability	72.45	159.15	11.55	243.15
Interest expense on lease liability	8.08	17.74	1.29	27.11
Payment made during CY	14.62	29.51	2.06	46.19
As at 31 March 2020	65.91	147.38	10.78	224.07
Addition in lease liability	-	-	-	-
Deletion in lease liability	6.87	-	7.96	14.83
Interest expense on lease liability	7.35	16.43	1.20	24.98
Payment made during CY	15.39	30.68	1.81	47.89
As at 31 March 2021	51.00	133.14	2.21	186.34
Non Current portion	43.40	117.31	1.89	162.60
Current maturities of lease liability	7.60	15.83	0.32	23.75



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38 Group Information

Additional information, as required under Schedule III to the Companies act, 2013 for entities consolidated as subsidiaries, Controlled trust, Associates and joint ventures

S.NO.	Name of the entity in the Group	Country of Incorporation	Principal Activity	Year ended	Effective Holding	Net Assets, i.e., total assets minus total liabilities		Share in Profit or Loss		Share in other comprehensive income		Share in total comprehensive income	
						As % of consolidated Assets	Amount	As % of consolidated Profit or Loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
(i)	Parent												
1	Lava International Limited	India	Production, trading, research and development of communication equipments	31 March 2021	-	66.59%	10,582.13	21.89%	377.86	99.99%	165.83	13.59%	212.01
				31 March 2020	-	70.40%	9,913.58	23.02%	248.05	71.09%	(324.85)	37.64%	572.90
(ii)	Subsidiaries												
1	Lava Enterprises Limited	India	Investment	31 March 2021	99.05%	0.32%	51.31	0.00%	(0.08)	-	-	-0.01%	(0.08)
				31 March 2020	99.05%	0.36%	51.39	0.00%	(0.02)	-	-	0.00%	(0.02)
2	Sojo Distribution Private Limited	India	Trading of communication equipment and related marketing services	31 March 2021	90.00%	-0.01%	(1.00)	-0.06%	(1.01)	-	-	-0.06%	(1.01)
				31 March 2020	90.00%	0.00%	0.01	0.00%	(0.02)	-	-	0.00%	(0.02)
3	Sojo Manufacturing Services (A P) Private Limited	India	Investment	31 March 2021	99.97%	0.24%	38.75	0.00%	(0.04)	-	-	0.00%	(0.04)
				31 March 2020	99.97%	0.28%	38.78	0.03%	0.31	-	-	0.02%	0.31
4	Sojo Manufacturing Services Private Limited	India	Investment	31 March 2021	99.95%	0.13%	20.88	0.00%	(0.03)	-	-	0.00%	(0.03)
				31 March 2020	99.95%	0.15%	20.91	0.00%	(0.03)	-	-	0.00%	(0.03)
5	Sojo Infotel Private Limited*	India	Application development and distribution	31 March 2021	0.00%	0.00%	-	0.00%	-	-	-	0.00%	-
				31 March 2020	90.00%	0.00%	0.01	0.00%	(0.02)	-	-	0.00%	(0.02)
Foreign													
1	LAVA International (H.K.) Limited	Hong Kong	Trading of communication equipments	31 March 2021	100.00%	28.49%	4,526.96	25.70%	443.61	-	-	28.43%	443.61
				31 March 2020	100.00%	30.00%	4,223.69	39.98%	430.83	0.00%	-	28.31%	430.83
2	Xolo International (H.K.) Limited	Hong Kong	Trading of communication equipments	31 March 2021	100.00%	4.37%	694.00	24.30%	419.36	-	-	26.88%	419.36
				31 March 2020	100.00%	2.05%	288.78	20.70%	223.06	-	-	14.66%	223.06
3	Lava Technologies DMCC	UAE	Trading of communication equipments	31 March 2021	100.00%	8.24%	1,308.77	28.46%	491.16	-	-	31.48%	491.16
				31 March 2020	100.00%	6.03%	848.71	20.02%	215.79	-	-	14.18%	215.79
4	Lava Technologies LLC (USA)	USA	Trading of communication equipments	31 March 2021	100.00%	0.22%	35.75	0.09%	1.58	-	-	0.10%	1.58
				31 March 2020	100.00%	0.25%	35.20	0.00%	2.77	-	-	-	2.77
5	Pt. LAVA Mobile Indonesia	Indonesia	Marketing Services	31 March 2021	95.00%	-2.59%	(411.06)	0.47%	8.08	-	-	0.52%	8.08
				31 March 2020	95.00%	-2.78%	(391.86)	-0.10%	1.05	-	-	-0.07%	(1.05)
6	Lava International DMCC, UAE	UAE	Marketing Services	31 March 2021	100.00%	-0.28%	(44.76)	-1.73%	(29.84)	-	-	-1.91%	(29.84)
				31 March 2020	100.00%	-0.11%	(15.79)	-0.13%	(1.36)	-	-	-0.09%	(1.36)
7	Lava Mobility (Private) Limited, Sri Lanka	Sri Lanka	Marketing Services	31 March 2021	100.00%	0.01%	2.37	0.00%	-	-	-	0.00%	-
				31 March 2020	100.00%	0.02%	2.57	-0.09%	(0.98)	-	-	-0.06%	(0.98)

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LAVA International Limited
Notes to consolidated financial statements for the year ended 31 March 2021
(All amounts in Indian Rupees Million unless otherwise stated)

39 Research and development expenditure:

The Group has duly carried out its research and development activities during the year and the details of related expenditure are given below:

	31 March 2021	31 March 2020
Amount charged to Statement of Profit and Loss	66.49	84.84
Amount capitalised		
- Tangible assets	2.94	4.52
	69.43	89.36

40 Previous year figures have been reclassified/regrouped, wherever considered necessary to make them comparable with those for the current year.

The summary of regrouping related to profit and loss for the year ended 31 March 2020 are as follows:

Particulars	Notes	31 March 2020	Regrouping	31 March 2020 Regrouped
Income				
Finance Income	16	(136.19)	136.19	
Other income	16	(49.55)	(131.64)	(181.19)
Other expenses	20	3,876.38	(4.55)	3,871.83

The above regrouping does not have material impact on the financial statements.

41 The Outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The manufacturing activities and the sales and distribution of the products of the Group were disrupted due to lock downs and the general economic slowdown.

The Group believes the current disruptions in operations are temporary in nature and based on the business outlook and various initiatives announced by the respective Central and state governments, this may not result in any significant financial impact on the Group. The Management has considered internal and external sources of information up to the date of approval of these financial statements, in assessing the recoverability of investments and assets, trade receivables, liquidity, financial position and operations of the Group and based on the management's assessment, there is no material impact on the financial results of the Group.

Considering the uncertainties involved in estimating the impact of this pandemic, the future impact of this pandemic may be different from those estimated as on the date of approval of these financial statements, and this will continue to be monitored in future periods.

42 During FY 20-21, There are certain suppliers who had supplied to the Group, and they have agreed to take the payments from our certain customers directly based on the approval of the parties. Accordingly, the trade payables and trade receivables are netted off in these financial statements.

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LAVA International Limited
Notes to consolidated financial statements for the year ended 31 March 2021
(All amounts in Indian Rupees Million unless otherwise stated)

43 Non Adjusting Events subsequent to 31 March, 2021

- a) Pursuant to approval of Board of directors of the Group in the meeting held on 18th May, 2021, the board of directors of the Group accorded the right issue allotment of 13,50,844 equity shares of Rs. 10 each at the premium of Rs. 523 per shares.
- b) Pursuant to approval of Board of directors of the Group in the meeting held on 5th June, 2021, the board of directors of the Group, further accorded the right issue allotment of 562,851 equity shares of Rs. 10 each at the premium of Rs. 523 per shares.
- c) Pursuant to the approval of shareholders granted in the extra-ordinary general meeting held on 10th September 2021, the Group undertook a stock split of one existing equity share of Rs. 10 each into two fully paid up equity shares of Rs. 5 each. As a result of the above transaction, the authorised number of equity shares have been increased to 78,20,00,000 equity shares of the Group having a face value of Rs. 5 each from 39,10,00,000 Equity Shares of the Group having a face value of Rs. 10 each.
- d) Pursuant to the approval of shareholders granted in the extra-ordinary general meeting held on 10th September 2021, the Group issued and allotted fully paid-up "Bonus shares" at par in proportion of one new equity shares of Rs. 5 each for every one existing fully paid up equity share of Rs. 5 each held as on the record date of 08th September 2021.

44 There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

As per our report of even date as attached

For ASA & Associates LLP
Chartered Accountants
Firm's Registration No.: 009571N/N500006



Prateet Mittal
Partner
Membership No. 402631

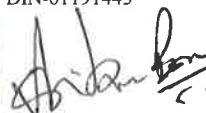


Place: Gurugram
Date: *September 21, 2021*

For and on behalf of the Board of Directors of
Lava International Limited
CIN - U32201DL2009PLC188920



Hari Om Rai
Chariman & Managing Director
DIN-01191443



Asitava Bose
Chief Financial Officer

Place: Noida

Date: *September 21, 2021*



Shailendra Nath Rai
Whole-Time Director
DIN-00908417



Bharat Mishra
Company Secretary
(Membership No. - ACS-35437)