

**Force MTU Power Systems Private Limited**

Balance Sheet as at 31 March 2021

₹ in Lakhs

Particulars	Note No.	As at	
		31 March 2021	31 March 2020
<b>ASSETS</b>			
<b>I. Non-current assets</b>		<b>23,038.28</b>	<b>8,711.93</b>
(a) Property, plant and equipment	1	11,076.73	294.59
(b) Capital work-in-progress	1	46.42	7,217.18
(c) Right to Use Asset	1	8,947.18	-
(d) Other Intangible assets	2	305.50	348.31
(e) Intangible assets under development	2	147.29	-
(f) Financial assets			
Other financial assets	3	380.40	233.68
(g) Non-current tax assets (Net)	4	24.27	18.31
(h) Other non-current assets	5	856.44	175.83
(i) Deferred tax asset	15	1,254.05	424.03
<b>II. Current assets</b>		<b>15,082.54</b>	<b>9,690.30</b>
(a) Inventories	6	12,063.68	4,007.39
(b) Financial assets			
(i) Trade receivables	7	84.96	54.77
(ii) Cash and cash equivalents	8a	530.93	4,082.45
(iii) Bank balance other than (iii) above	8b	200.00	-
(iv) Other financial assets	9	4.21	4.30
(c) Current tax assets (net)	10	-	-
(d) Other current assets	11	2,198.76	1,541.39
<b>Total Assets</b>		<b>38,120.82</b>	<b>18,402.23</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		<b>15,616.66</b>	<b>13,058.36</b>
(a) Equity share capital	12	20,620.00	15,620.00
(b) Other equity			
(i) General reserve	13	-	-
(ii) Retained earnings	13	(5,003.34)	(2,561.64)
<b>Liabilities</b>			
<b>I. Non-current liabilities</b>		<b>11,733.85</b>	<b>60.19</b>
(a) Financial liabilities			
(i) Borrowings	14	3,600.84	-
(ii) Lease Liability		8,045.74	-
(b) Long-term provisions	16	87.27	60.19
<b>II. Current liabilities</b>		<b>10,770.31</b>	<b>5,283.68</b>
(a) Financial liabilities			
(i) Borrowings	17	-	-
(ii) Trade and other payables	18		
a) total outstanding dues of micro enterprises and small enterprises	18	80.82	26.06
b) total outstanding dues of creditors other than micro enterprises and small enterprises	18	6,736.72	1,253.03
(iii) Lease Liability		352.85	-
(iv) Other financial liabilities	19	3,201.68	3,913.23
(b) Other current liabilities	20	384.94	86.98
(c) Short-term provisions	21	13.30	4.38
<b>Total Equity and Liabilities</b>		<b>38,120.82</b>	<b>18,402.23</b>

Significant accounting policies 31

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

For and on behalf of the board of directors

**For P G BHAGWAT LLP**  
 Chartered Accountants  
 Firm registration No. 101118W/ W100682

Prasan Firodia  
 Director  
 DIN : 00029664  
 Pune Date : 25th May 2021

Kishore Jayaraman  
 Director  
 DIN : 02092505  
 New Delhi Date : 25th May 2021

Nachiket Deo  
 Partner  
 Membership No. 117695  
 Date: 25th May 2021  
 Pune.

Pramod Vaidya  
 Chief Executive Officer  
 Pune Date : 25th May 2021

Jayant Barve  
 Chief Financial Officer  
 Pune Date : 25th May 2021

**Force MTU Power Systems Private Limited**

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

₹ in Lakhs

Particulars	Note No.	2020-21	2019-20
<b>Income</b>			
Revenue from operations	22	1,160.04	150.41
Other income	23	115.49	209.39
<b>Total Income</b>		<b>1,275.53</b>	<b>359.80</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	24	1,542.81	268.00
Purchase of traded goods		-	-
Changes in inventories of finished goods, work-in-progress and traded goods	25	(343.40)	(84.70)
Employee benefits expense	26	717.46	651.88
Finance costs	27	349.33	-
Depreciation and amortisation expense	28	513.14	22.03
Other Expenses	29	1,671.25	1,223.09
<b>Total Expenses</b>		<b>4,450.59</b>	<b>2,080.30</b>
<b>Profit before exceptional items and tax</b>		<b>(3,175.06)</b>	<b>(1,720.50)</b>
Exceptional items - (Expenses)/Income		-	-
<b>Profit / (loss) before tax</b>		<b>(3,175.06)</b>	<b>(1,720.50)</b>
<b>Tax expense</b>	30	<b>(831.29)</b>	<b>(111.42)</b>
Current tax		-	-
(Excess)/short provision related to earlier years		-	9.44
Deferred tax		(831.29)	(120.86)
<b>Profit / (loss) for the year</b>		<b>(2,343.77)</b>	<b>(1,609.08)</b>
<b>Other Comprehensive Income</b>		<b>3.62</b>	<b>(1.60)</b>
<b>A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>		<b>3.62</b>	<b>(1.60)</b>
Re-measurement gains/(losses) on defined benefit plans		4.89	(2.16)
Income tax effect on above		(1.27)	0.56
<b>Total comprehensive income for the year, net of tax</b>		<b>(2,340.15)</b>	<b>(1,610.68)</b>
<b>Earnings per equity share</b> [nominal value per share ₹ 10/- (31 March 2020: ₹ 10/-)]			
Basic		(1.19)	(1.65)
Diluted		(1.19)	(1.65)

Significant accounting policies

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The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

For and on behalf of the board of directors

For P G BHAGWAT LLP  
Chartered Accountants  
Firm registration No. 101118W/ W100682

Prasan Firodia  
Director  
DIN : 00029664  
Pune Date : 25th May 2021

Kishore Jayaraman  
Director  
DIN : 02092505  
New Delhi Date : 25th May 2021

Nachiket Deo  
Partner  
Date: 25th May 2021  
Pune.

Pramod Vaidya  
Chief Executive Officer  
Pune Date : 25th May 2021

Jayant Barve  
Chief Financial Officer  
Pune Date : 25th May 2021

**Force MTU Power Systems Pvt Ltd**  
**Statement of Cash Flow the year ended 31 March 2021**

Particulars	₹ in Lakhs	
	2020-21	2019-20
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before Tax</b>	<b>(3,175.06)</b>	<b>(1,720.50)</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
<b>Add:</b>		
Depreciation and Amortisation	513.14	22.03
Loss / ( Profit ) on Revalorisation on Imports	67.98	162.18
Loss / ( Profit ) on Revalorisation on Exports	-	-
Loss / ( Profit ) Derivative Liability accounted for as FVTPL	58.37	-
Loss / ( Profit ) on Revalorisation on Forex Loans	18.73	-
Finance cost	349.33	-
	<b>1,007.55</b>	<b>184.21</b>
<b>Less :</b>		
Inventories written down	2.94	-
Unwinding of interest on deposits	27.71	16.70
Interest received (Finance income)	69.69	188.35
	100.34	205.05
<b>Operating Profit before working capital changes</b>	<b>(2,267.85)</b>	<b>(1,741.34)</b>
<i>Working Capital Adjustments</i>		
Increase / ( Decrease ) in Liabilities		
(Increase) / Decrease in Trade and Other Receivables	(1,604.29)	(1,189.20)
(Increase) / Decrease in Inventories	(8,053.35)	(3,926.28)
Increase / ( Decrease ) in Trade and other Payables	5,835.14	973.60
Increase / ( Decrease ) in Provisions	40.89	38.15
	<b>(3,781.61)</b>	<b>(4,103.73)</b>
<b>Net Cash generated from operations</b>	<b>(6,049.46)</b>	<b>(5,845.07)</b>
Direct taxes paid	(5.96)	(27.75)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(6,055.42)</b>	<b>(5,872.82)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Add :</b>		
Interest received (Finance income)	69.78	185.76
Income from investment property	-	-
Dividend received	-	-
	<b>69.78</b>	<b>185.76</b>
<b>Less :</b>		
Investment in fixed deposits with bank	200.00	
Payments for Purchase of Property, Plant and Equipment	5,360.16	4,011.82
	<b>5,560.16</b>	<b>4,011.82</b>
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>(5,490.38)</b>	<b>(3,826.06)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	3,582.11	-
Repayment of Lease Liability	(486.29)	-
Issue of equity Shares	4,898.45	12,866.49
<b>NET CASH USED IN FINANCING ACTIVITY</b>	<b>7,994.27</b>	<b>12,866.49</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(3,551.52)</b>	<b>3,167.61</b>
<b>Opening Cash and Cash equivalents</b>	<b>4,082.45</b>	<b>914.84</b>
<b>Closing Cash and Cash equivalents (Refer Note 8a)</b>	<b>530.93</b>	<b>4,082.45</b>

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For P G BHAGWAT LLP  
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DIN : 00029664  
Pune Date : 25th May 2021

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Pune Date : 25th May 2021

Jayant Barve  
Chief Financial Officer  
Pune Date : 25th May 2021

## Force MTU Power Systems Private Limited

Statement of changes in Equity for the year ended 31 March 2021

### A. Equity Share Capital (Refer Note 12)

₹ in Lakhs

Equity Shares of Rs 10 each issued, subscribed and fully paid	No. of Shares	Amount
<b>As at 01 April 2019</b>	<b>2,62,00,000</b>	<b>2,620.00</b>
Issue/Reduction, if any during the year	13,00,00,000	13,000.00
<b>As at 31 March 2020</b>	<b>15,62,00,000</b>	<b>15,620.00</b>
Issue/Reduction, if any during the year	5,00,00,000	5,000.00
<b>As at 31 March 2021</b>	<b>20,62,00,000</b>	<b>20,620.00</b>

### B. Other Equity (Refer Note 13)

₹ in Lakhs

Particulars	Reserves and Surplus		Items of OCI	Total equity
	General Reserve	Retained Earnings	Foreign currency translation reserve	
<b>At at 01 April 2019</b>		<b>(817.45)</b>		<b>(817.45)</b>
Profit/(Loss) for the year		(1,609.08)		<b>(1,609.08)</b>
Other comprehensive income for the year		(1.60)		<b>(1.60)</b>
<b>Total Comprehensive income for the year</b>	-	<b>(1,610.68)</b>	-	<b>(1,610.68)</b>
Transaction cost incurred on issue of shares	-	133.51	-	<b>133.51</b>
Final dividend for year ended 31 March 2019				-
Tax on final dividend for the year ended 31 March 2019				-
Interim dividend for year ended 31 March 2020				-
Tax on Interim dividend for the year ended 31 March 2020				-
<b>As at 31 March 2020</b>	-	<b>(2,561.64)</b>	-	<b>(2,561.64)</b>
<b>As at 01 April 2020</b>	-	<b>(2,561.64)</b>	-	<b>(2,561.64)</b>
Profit/(Loss) for the year		(2,343.77)		<b>(2,343.77)</b>
Other comprehensive income for the year		3.62		<b>3.62</b>
<b>Total Comprehensive income for the year</b>	-	<b>(2,340.15)</b>	-	<b>(2,340.15)</b>
Transaction cost incurred on issue of shares	-	101.55	-	<b>101.55</b>
Final dividend for year ended 31 March 2020				-
Tax on final dividend for the year ended 31 March 2020				-
Interim dividend for year ended 31 March 2021				-
Tax on Interim dividend for the year ended 31 March 2021				-
<b>As at 31 March 2021</b>	-	<b>(5,003.34)</b>	-	<b>(5,003.34)</b>

As per our attached report of even date

For and on behalf of the board of directors

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## Force MTU Power Systems Private Limited

Notes to the Financial Statements

### Note 1 : Property Plant and Equipment

₹ in Lakhs

Particulars	Plant and Equipment	Furniture and Fixture	Office Equipment	Computer Hardware	Total	Work in progress	Right to use asset
<b>Gross Block</b>							
As At 31 March 2019	-	-	-	-	-	180	-
Additions	69.54	40.93	0.13	193.68	304	7,217.18	-
Inter Transfers	-	-	-	-	-	-	-
Recoupment/Adjustment	-	-	-	-	-	180	-
Deductions/Amortization	-	-	-	-	-	-	-
<b>As At 31 Mar 2020</b>	<b>69.54</b>	<b>40.93</b>	<b>0.13</b>	<b>193.68</b>	<b>304.28</b>	<b>7,217.18</b>	<b>-</b>
Additions	10,715.23	2.97	5.60	110.51	10,834.31	3,685.57	9,333.30
Inter Transfers	-	-	-	-	-	-	-
Recoupment/Adjustment	-	-	-	-	-	(10,856.33)	-
Assets written off/scrapped	-	-	-	0.04	0.04	-	-
Deductions/Amortization	-	-	-	-	-	-	-
<b>As At 31 Mar 2021</b>	<b>10,784.77</b>	<b>43.90</b>	<b>5.73</b>	<b>304.15</b>	<b>11,138.55</b>	<b>46.42</b>	<b>9,333.30</b>
<b>Depreciation</b>							
As At 31 March 2019	-	-	-	-	-	-	-
For The Year	1.58	0.42	0.01	7.68	9.69	-	-
Inter Transfers	-	-	-	-	-	-	-
Recoupment/Adjustment	-	-	-	-	-	-	-
Deductions/Amortization	-	-	-	-	-	-	-
<b>As At 31 Mar 2020</b>	<b>1.58</b>	<b>0.42</b>	<b>0.01</b>	<b>7.68</b>	<b>9.69</b>	<b>-</b>	<b>-</b>
For The Period	8.13	4.09	0.35	39.57	52.14	-	386.12
Inter Transfers	-	-	-	-	-	-	-
Recoupment/Adjustment	-	-	-	-	-	-	-
Assets written off/scrapped	-	-	-	0.01	0.01	-	-
Deductions/Amortization	-	-	-	-	-	-	-
<b>As At 31 Mar 2021</b>	<b>9.71</b>	<b>4.51</b>	<b>0.36</b>	<b>47.24</b>	<b>61.82</b>	<b>-</b>	<b>386.12</b>
<b>Net Block</b>							
As At 31 March 2019	-	-	-	-	-	180.26	-
As At 31 Mar 2020	67.96	40.51	0.12	186.00	294.59	7,217.18	-
As At 31 Mar 2021	10,775.06	39.39	5.37	256.91	11,076.73	46.42	8,947.18

## Force MTU Power Systems Private Limited

Notes to the Financial Statements

### Note 2 : Intangible Assets

₹ in Lakhs

Particulars	Computer Software	Technical Knowhow	Total	Intangible assets under development
<b>Gross Block</b>				
As At 31 March 2019	-	-	-	-
Additions	305.89	54.76	360.65	-
Inter Transfers	-	-	-	-
Recoupment/Adjustment	-	-	-	-
Deductions/Amortization	-	-	-	-
<b>As At 31 Mar 2020</b>	<b>305.89</b>	<b>54.76</b>	<b>360.65</b>	-
Additions	32.09	-	32.09	152.54
Inter Transfers	-	-	-	-
Recoupment/Adjustment	-	-	-	(5.25)
Deductions/Amortization	-	-	-	-
<b>As At 31 Mar 2021</b>	<b>337.98</b>	<b>54.76</b>	<b>392.74</b>	<b>147.29</b>
<b>Depreciation</b>				
As At 31 March 2019	-	-	-	-
For The Year	9.75	2.59	12.34	-
Inter Transfers	-	-	-	-
Recoupment/Adjustment	-	-	-	-
Deductions/Amortization	-	-	-	-
<b>As At 31 Mar 2020</b>	<b>9.75</b>	<b>2.59</b>	<b>12.34</b>	-
For The Year	63.92	10.98	74.90	-
Inter Transfers	-	-	-	-
Recoupment/Adjustment	-	-	-	-
Deductions/Amortization	-	-	-	-
<b>As At 31 Mar 2021</b>	<b>73.67</b>	<b>13.57</b>	<b>87.24</b>	-
<b>Net Block</b>				
As At 31 March 2019	-	-	-	-
<b>As At 31 Mar 2020</b>	<b>296.14</b>	<b>52.17</b>	<b>348.31</b>	-
<b>As At 31 Mar 2021</b>	<b>264.31</b>	<b>41.19</b>	<b>305.50</b>	<b>147.29</b>

## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

#### Note 3 : Other financial assets (non current)

₹ in Lakhs

Particulars	As at	As at
	31 March 2021	31 March 2020
Security deposits (Unsecured, considered good)	354.31	207.59
Deposits with Govt-LT (Unsecured, considered good)	26.09	26.09
<b>Total</b>	<b>380.40</b>	<b>233.68</b>

Other financial assets are measured at amortised cost.

Fair value disclosures for financial assets & liabilities are stated in note 31 (D) (3) and fair value hierarchy disclosures for investment are also stated in note 31 (D) (3)

Refer note 31 (D) (9) On risk management objectives and policies for financial instruments

#### Note 4 : Non-Current tax assets (net)

₹ in Lakhs

Particulars	As at	As at
	24.27	18.31
Tax Paid in Advance (Net of Provision)	24.27	18.31
<b>Total</b>	<b>24.27</b>	<b>18.31</b>

#### Note 5 : Other non-current assets

₹ in Lakhs

Particulars	As at	As at
	31 March 2021	31 March 2020
Capital advances	856.44	175.83
<b>Total</b>	<b>856.44</b>	<b>175.83</b>

## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

#### Note 6 : Inventories

₹ in Lakhs

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>Raw materials</b>		
Raw materials and components	11,635.22	3,922.41
Raw materials in transit	-	-
Work-in-progress	397.10	2.86
Finished goods	31.00	81.84
Traded goods	-	-
Stores and spares	0.36	0.28
<b>Total</b>	<b>12,063.68</b>	<b>4,007.39</b>

Inventories written down to net realisable value during the year ended 31st March 2021 ₹ Nil (31st March 2020 ₹ 6.34 Lakhs) were recognised as an expense in the statement of Profit & Loss during the year

#### Note 7 : Trade receivables

₹ in Lakhs

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>Total Trade Receivables</b>		
Trade receivables	84.96	54.77
<b>Break-up for security details:</b>		
Secured, considered good	-	-
Unsecured, considered good	84.96	54.77
Doubtful	-	-
Loss Allowance (for expected credit loss under simplified approach)	-	-
<b>Total</b>	<b>84.96</b>	<b>54.77</b>

Trade receivable which have significant increase in credit risk: ₹ NIL (₹ NIL in FY 2019-20)

Trade receivable - credit impaired : ₹ NIL (₹ NIL in FY 2019-20)

Trade receivables are measured at amortised cost.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. There are no trade and other receivable due from firms and private companies respectively in which any director is a partner, a director or a member as on 31 March, 2021 (₹ NIL as on 31 March, 2020). Refer Note 31 (D) (2) for terms and conditions related to Related party receivables.

Refer note no. 31 (D) (3) For fair value disclosures of financial assets and financial liabilities and also note 31 (D) (3) For fair value hierarchy

Refer note 31 (D) (9) On credit risk of trade receivables, which explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired



## Force MTU Power Systems Private Limited

Notes to the Financial Statements

### Note 8a : Cash and cash equivalents

₹ in Lakhs

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>Balance with Bank</b>		
Current accounts and debit balance in cash credit	230.93	582.45
Deposits with original maturity of less than 3 months	300.00	3,500.00
<b>Cash on hand</b>		
<b>Total</b>	<b>530.93</b>	<b>4,082.45</b>

### Note 8b : Bank balance other

Particulars	As at	As at
	31 March 2021	31 March 2020
Deposits with original maturity of more than three months but less than 12 months	200.00	-
<b>Total</b>	<b>200.00</b>	<b>-</b>

Fixed Deposits are pledged with the banks as margin money against Letter of Credit / Bank Guarantee.

### Note 9 : Other financial assets (Current )

₹ in Lakhs

Particulars	As at	As at
	31 March 2021	31 March 2020
Accrued interest on FD	4.21	4.30
<b>Total</b>	<b>4.21</b>	<b>4.30</b>

Other financial assets are measured at amortised cost.

Refer note 31 (D) (9) On risk management objectives and policies for financial instruments.

## Force MTU Power Systems Private Limited

Notes to the Financial Statements

### Note 10 : Current tax assets (net)

₹ in Lakhs

Particulars	As at	As at
	31 March 2021	31 March 2020
Tax Paid in Advance (Net of Provision)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Tax paid in Advance consist of Advance Tax, Self Assessment Tax and Tax Deducted at source

### Note 11 : Other current assets

₹ in Lakhs

Particulars	As at	As at
	31 March 2021	31 March 2020
Advance to suppliers	1,059.66	349.48
GST receivable (Net)	1,129.95	689.03
Prepaid expenses	9.15	502.88
<b>Total</b>	<b>2,198.76</b>	<b>1,541.39</b>

# Force MTU Power Systems Private Limited

## Notes to the Financial Statements

### Note 12 : Share capital

#### Authorised share capital

Equity shares of ₹ 10 each

Particulars	No. of shares	₹ in Lakhs
<b>At 1 April 2019</b>	2,62,00,000	2,620.00
Increase/(decrease) during the year	22,38,00,000	22,380.00
<b>At 31 March 2020</b>	<b>25,00,00,000</b>	<b>25,000.00</b>
Increase/(decrease) during the year	-	-
<b>At 31 March 2021</b>	<b>25,00,00,000</b>	<b>25,000.00</b>

#### Terms/Rights attached to the equity shares

The Company has only one class of equity shares having par value of ₹ 10/- each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.

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

#### Issued and subscribed share capital

Equity shares of ₹ 10 each

Particulars	No. of shares	₹ in Lakhs
<b>At 1 April 2019</b>	2,62,00,000	2,620.00
Increase/(decrease) during the year	13,00,00,000	13,000.00
<b>At 31 March 2020</b>	<b>15,62,00,000</b>	<b>15,620.00</b>
Increase/(decrease) during the year	5,00,00,000	5,000.00
<b>At 31 March 2021</b>	<b>20,62,00,000</b>	<b>20,620.00</b>

#### Subscribed and fully paid up

Equity shares of ₹ 10 each

Particulars	No. of shares	₹ in Lakhs
<b>At 1 April 2019</b>	<b>2,62,00,000</b>	<b>2,620.00</b>
Increase/(decrease) during the year	13,00,00,000	13,000.00
<b>At 31 March 2020</b>	<b>15,62,00,000</b>	<b>15,620.00</b>
Increase/(decrease) during the year	5,00,00,000	5,000.00
<b>At 31 March 2021</b>	<b>20,62,00,000</b>	<b>20,620.00</b>

15.1 Shares held by holding/ultimate holding Company and/or their subsidiaries/associates as per provisions of IND AS- NIL

15.2 Number of Shares held by each shareholder holding more than 5% Shares in the company

Name of the Shareholder	Force Motors Limited MTU Friedrichshafen GmbH	
<b>At 1 April 2019</b>		
No. of Shares	1,33,62,000	1,28,38,000
% of Shareholding	51%	49%
<b>At 31 March 2020</b>		
No. of Shares	7,96,62,000	7,65,38,000
% of Shareholding	51%	49%
<b>At 31 March 2021</b>		
No. of Shares	10,51,62,000	10,10,38,000
% of Shareholding	51%	49%

## Force MTU Power Systems Private Limited

Notes to the Financial Statements

### Note 13 : Other Equity

₹ in Lakhs

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>General Reserve</b>		
Opening Balance	-	-
Add : Transferred during the year	-	-
<b>Closing Balance</b>	-	-
<b>Retained Earnings</b>		
Opening Balance	(2,561.64)	(817.45)
Add : Profit for the year	(2,343.77)	(1,609.08)
Add : Other Comprehensive income/(Loss)	3.62	(1.60)
Less : Appropriations		
Transferred to General reserve		
Transaction cost incurred on issue of shares	101.55	133.51
	<b>(5,003.34)</b>	<b>(2,561.64)</b>
<b>Total</b>	<b>(5,003.34)</b>	<b>(2,561.64)</b>

## Force MTU Power Systems Private Limited

Notes to the Financial Statements

### Note 14 : Borrowings (Non-current)

₹ in Lakhs

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>Secured loans from bank</b>		
Foreign currency term loan	3,600.84	-
<b>Total</b>	<b>3,600.84</b>	<b>-</b>

Borrowings are measured at amortised cost.

Term Loans from Banks

The Foreign Currency Term Loan is availed from HDFC Bank by a First Pari Passu charge by way of Hypothecation of Plant & Machinery and other assets and second charge on entire current assets of the company.

Term Loan of INR 3,600.84 Lakhs to be repaid in 20 equal quarterly installments of INR 180.04 Lakhs each starting from April 2022 at rate of interest 3.25% p.a. The repayment obligation of future 12 months is Nil.

The company has availed USD loan of USD 48.45 Lakh and has swapped the same against Euro Loan of Euro 41.34 Lakhs which is converted into functional currency. The company has availed moratorium of 12 months from the SCOD

Details of how the loan is executed (Euro and USD, Moratorium period)

#### Maturity profile of Term Loans from Banks (Current and Non-Current)

Period	As at 31 March 2021
Upto Three Months	-
More than Three Months Up to One Year	-
More than One Year Up to Three Years	1,443.36
More than Three Years Up to Five Years	1,443.36
More than Five Years	714.12

## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

#### Note 15 : Deferred tax asset (net)

₹ in Lakhs

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>Deferred Tax Assets</b>		
Tax losses	1,398.75	406.40
Disallowances u/s 43 B of Income Tax Act	14.69	10.95
Defined benefit obligations	9.16	5.84
Amortisation of preliminary expenses U/s 35D	0.15	0.20
Right to use Asset	58.83	-
MTM loss on derivative liability (CY)	14.42	-
Exchange gain difference on asset purchased in foreign currency	-	24.62
<b>Less : Deferred Tax Liability</b>		
Depreciation	241.95	23.98
Others	-	-
<b>Total</b>	<b>1,254.05</b>	<b>424.03</b>

#### Reconciliation of deferred tax assets / (liabilities ), net

Particulars	31 March 2021	31 March 2020
Opening balance as at 1st April	424.03	302.61
Tax income/(expense) during the year recognised in profit or loss	831.29	120.86
Tax income/(expense) during the year recognised in profit or loss in OCI	(1.27)	0.56
<b>Closing balance as at 31st March</b>	<b>1,254.05</b>	<b>424.03</b>

## Force MTU Power Systems Private Limited

Notes to the Financial Statements

### Note 16 : Long-term provisions

₹ in Lakhs

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>Provision for employee benefits</b>		
Provision for gratuity	34.94	22.09
Provision for leave encashment	52.33	38.10
<b>Total</b>	<b>87.27</b>	<b>60.19</b>

Refer note. No. 21 on short -term provisions

### Note 17 : Borrowings (Current)

₹ in Lakhs

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>Secured loans from bank</b>		
Working capital demand loan	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Borrowings are measured at amortised cost.

Company's fund and non fund based working capital facilities of INR 5,000.00 Lakhs are secured by first charge by way of hypothecation on the whole of the current assets of the Company both present and future and also the second charge on the whole of the movable Plant and machinery and other fixed assets of the Company in favour of HDFC Bank Limited - Pune.

The unutilised portion of company's fund based Limit is INR 2,500 Lakhs (NIL in FY 2019-2020)

Refer note 31 (D) (9) On the Company's Interest risk, Foreign currency risk and liquidity risk management processes.

## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

#### Note 18 : Trade and other payables

₹ in Lakhs

Particulars	As at	
	31 March 2021	31 March 2020
Due to micro, small and medium enterprises	80.82	26.06
Due to other than micro, small and medium enterprises	6,736.72	1,253.03
<b>Total</b>	<b>6,817.54</b>	<b>1,279.09</b>

Trade and other payables are measured at amortised cost.

Due to Mico, Small and Medium Enterprises includes provision for Interest to MSME of 2.22 Lakhs (0.37 Lakhs in FY 2019-20)

For terms and conditions with related parties refer note 31 (D) (2).

For explanations on the Company's Foreign currency risk and liquidity risk management processes, refer to Note 31 (D) (9)

#### Note 19 : Other financial liabilities (Current)

₹ in Lakhs

Particulars	As at	
	31 March 2021	31 March 2020
Payable for capital purchases	3,029.24	3,865.86
Employee benefits payable	114.07	47.34
Derivative liability	58.37	-
Other	-	0.03
<b>Total</b>	<b>3,201.68</b>	<b>3,913.23</b>

Other financial liabilities are measured at amortised cost.

Refer note no. 31 (D) (3) For fair value disclosures of financial assets and financial liabilities and note 31 (D) (3) For fair value hierarchy

Refer note 31 (D) (9) On the Company's Interest risk, Foreign currency risk and liquidity risk management processes.

#### Note 20 : Other Current liabilities

₹ in Lakhs

Particulars	As at	
	31 March 2021	31 March 2020
Advance from customers	23.56	39.39
Statutory dues including provident fund and tax deducted at source	361.38	46.58
Others	-	1.01
<b>Total</b>	<b>384.94</b>	<b>86.98</b>



## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

#### Note 21 : Short-term provisions

₹ in Lakhs

Particulars	As at	
	31 March 2021	31 March 2020
<b>Provision for employee benefits</b>		
Provision for gratuity	0.30	0.35
Provision for compensated absence	4.18	4.03
<b>Others</b>		
Warranty Provision	8.82	-
<b>Total</b>	<b>13.30</b>	<b>4.38</b>

#### 1. Employee benefit obligations

##### a. Gratuity

The company provides gratuity for employees as per the Gratuity Act, 1972. Employees are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity is payable on retirement or termination whichever is earlier. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity plan is non-funded plan.

##### b. Compensated absence

The leave obligation covers the company's liability for earned leaves.

Refer no 31 (D) (1) For details disclosure.

#### Other Provisions

##### Warranty

Warranty is given to customers at the time of sale of Gensets. Warranty cost includes expenses in connection with repairs, free replacement of parts and after sales services during warranty period.

Provision is made for estimated warranty claims in respect of products sold which are still under

Particulars	₹ in Lakhs
<b>At 31 March 2020</b>	
Arising during the year (Net)	8.82
Utilised	-
Unused amount reversed	-
<b>At 31 March 2021</b>	<b>8.82</b>

#### b. Breakup of Warranty Provisions

Particulars	As at 31 March	
	2021	2020
Current	8.82	-
Non-current		
<b>Total</b>	<b>8.82</b>	<b>-</b>

## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

#### Note 22 : Revenue from operations

₹ in Lakhs

Particulars	2020-21	2019-20
<b>Sales of products (Refer note 31 (D) (11) )</b>	<b>1,150.60</b>	<b>150.41</b>
Sale of products	1,094.61	150.41
Sale of services	55.99	-
<b>Operating income</b>	<b>9.44</b>	<b>-</b>
Sale of scrap	8.43	-
Export incentives (Refer note 31 (D) (11) )	1.01	-
<b>Total</b>	<b>1,160.04</b>	<b>150.41</b>

1. For explanations on Company's Revenue Recognition policies, refer Note 31 ( C)(2)

#### Note 23 : Other income

₹ in Lakhs

Particulars	2020-21	2019-20
<b>Interest income on financial assets measured at amortised cost</b>	<b>97.40</b>	<b>205.05</b>
On Bank Deposits	69.69	188.35
Unwinding of interest on security deposits	27.71	16.70
Miscellaneous income	18.09	4.34
<b>Total</b>	<b>115.49</b>	<b>209.39</b>

## Force MTU Power Systems Private Limited

Notes to the Financial Statements

<b>Note 24 : Cost of raw materials and components consumed</b>		₹ in Lakhs
<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>
Raw materials and components consumed	1,542.81	268.00
<b>Total</b>	<b>1,542.81</b>	<b>268.00</b>

<b>Note 25 : Changes in inventories of finished goods, work-in-progress and traded goods</b>		₹ in Lakhs
<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>
<b>Opening inventory</b>	<b>84.70</b>	-
Work-in-process	2.86	-
Finished goods	81.84	-
Traded goods	-	-
<b>Closing Inventory</b>	<b>428.10</b>	<b>84.70</b>
Work-in-process	397.10	2.86
Finished goods	31.00	81.84
Traded goods	-	-
<b>Total</b>	<b>(343.40)</b>	<b>(84.70)</b>

## Force MTU Power Systems Private Limited

Notes to the Financial Statements

### Note 26 : Employee benefits expense

₹ in Lakhs

Particulars	2020-21	2019-20
Salaries, wages, bonus, commission, etc.	643.94	587.22
Gratuity and leave encashment (Ref note 31 (D) (1) )	34.66	32.92
Welfare and training expenses	7.45	4.05
Contribution to provident and other funds	31.41	27.69
<b>Total</b>	<b>717.46</b>	<b>651.88</b>

### Note 27 : Finance costs

₹ in Lakhs

Particulars	2020-21	2019-20
Finance charges- Lease Liability	349.33	-
<b>Total</b>	<b>349.33</b>	<b>-</b>

### Note 28 : Depreciation and amortization expense

₹ in Lakhs

Particulars	2020-21	2019-20
<b>Depreciation and amortization expense</b>	<b>513.14</b>	<b>22.03</b>
Depreciation on Tangible assets & ROU Asset	438.24	9.69
Amortization on Intangible assets	74.90	12.34
<b>Total</b>	<b>513.14</b>	<b>22.03</b>

# Force MTU Power Systems Private Limited

## Notes to the Financial Statements

### Note 29 : Other Expenses

₹ in Lakhs

Particulars	2020-21	2019-20
<b>Manufacturing expenses</b>	<b>158.61</b>	<b>18.71</b>
Power and fuel	112.77	4.10
Repairs to machinery	-	0.24
Labour charges	9.49	3.46
Others manufacturing expenses	36.35	10.91
<b>Selling expenses</b>	<b>50.31</b>	<b>1.25</b>
Travelling and conveyance	37.46	-
Advertisement and publicity	2.65	1.23
Warranty Expenses	8.82	-
Others selling expenses	1.38	0.02
<b>Administration expenses</b>	<b>1,462.33</b>	<b>1,203.13</b>
Rent	67.88	70.72
Rates and taxes	24.57	16.13
Insurance	5.65	7.95
Security charges and Housekeeping maintenance	64.94	-
Electricity charges	17.43	12.10
Travelling and conveyance	-	67.87
Communication expenses	1.39	1.51
Printing and stationery	4.77	0.66
Professional charges	1,047.80	742.19
Bank charges	7.84	9.74
Auditor's remuneration (Refer Note 31 (D) (7))	1.75	1.45
Miscellaneous expenses	9.12	11.02
Loss on Exchange difference (Net)	209.19	149.13
Site Development Expenses	-	112.66
<b>Total</b>	<b>1,671.25</b>	<b>1,223.09</b>

## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

#### Note 30 : Income tax

The note below details the major components of income tax expenses for the year ended 31 March 2021 and 31 March 2020. The note further describes the significant estimates made in relation to company's income tax position, and also explains how the income tax expense is impacted by non-assessable and non-deductible items.

Particulars	2020-21	2019-20
<b>Current tax</b>	-	<b>9.44</b>
Current income tax	-	-
(Excess)/short provision related to earlier years	-	9.44
<b>Deferred tax</b>	<b>(831.29)</b>	<b>(120.86)</b>
Relating to origination and reversal or temporary difference	(831.29)	(120.86)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>(831.29)</b>	<b>(111.42)</b>

#### Other Comprehensive Income (OCI)

Particulars	2020-21	2019-20
<b>Deferred tax related to items recognised in OCI during the year</b>		
Net loss/(gain) on actuarial gains and losses	1.27	(0.56)
<b>Deferred tax charged to OCI</b>	<b>1.27</b>	<b>(0.56)</b>

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate as notified under Income Tax Act, 1961 enacted in India for the years ended 31 March 2021 and 31 March 2020.

Particulars	2020-21	2019-20
<b>Accounting profit before income tax expense</b>	(3,175.06)	(1,720.50)
<b>Tax @ 26.00% (31 March 2020 : 26.00%)</b>	(825.52)	(447.33)
<b>Tax effect of adjustments in calculating taxable income:</b>	<b>(5.77)</b>	<b>335.91</b>
Permanent disallowances	7.10	32.34
Change due to tax rate difference	-	19.80
DTA reversal on tax loss	(12.87)	276.51
Others	-	(2.18)
(Excess)/short provision related to earlier years	-	9.44
<b>At the effective income tax rate of 26.18 % (31 March 2020 : 6.48%)</b>	<b>(831.29)</b>	<b>(111.42)</b>

## **Force MTU Power Systems Pvt Ltd**

### **Note 31: Notes forming part of the financial statements for the year ended March 31, 2021**

#### **Corporate Information**

Force MTU Power Systems Pvt Ltd is a Private Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. It is a joint venture between Force Motors Limited and MTU Friedrichshafen GmbH. The Company is in the business of Manufacturing Engines & Generator sets.

#### **Basis of Preparation of financial statement**

The Company's standalone financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with rule 7 of the companies (Accounts) Rules, 2014. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied.

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

- (i) the investments which have been measured at fair value as they are classified as fair value through profit or loss or fair value through other comprehensive income.
- (ii) defined benefit plans - plan assets measured at fair value

The standalone financial statements were approved by board of directors and authorised for issue on 25<sup>th</sup> May 2021.

#### **Significant accounting judgements estimates and assumptions**

##### **A. Judgment**

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

## **1. Revenue Recognition**

The company generally recognises revenue when the performance obligation is satisfied at a point in time when the control is transferred i.e. either on shipment or upon delivery in domestic and in case of export ex-works.

## **2. Leases**

The company had applied provisions of Ind AS 116 effective 01<sup>st</sup> April, 2019. The said standard provides for certain recognition exemptions for short term leases as well as provides for certain criteria when the lease contracts are non-enforceable. The determination of lease term for the purpose of availing such exemptions and evaluation of such criteria for non-enforceability of a contract involves significant judgment.

## **B. Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company bases its assumptions and estimates on information available till the date of approval of these standalone financial statements. The assumptions and estimates, however, may change based on future developments, due to market conditions or due to circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions and estimates when they occur.

### **Defined benefit plans**

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future post-retirement medical benefit increase. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The most sensitive parameter is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.



The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are mainly based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 31 (D) (1)

### **Deferred Tax**

Deferred tax assets are recognised for all deductible temporary differences including 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.

### **Warranty**

The Company recognises provision for warranties in respect of the products that it sells. The estimates are established using information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures.

### **Uncertainty relating to Global health pandemic on COVID-19**

The Company's operation has and may continue to be impacted by the outbreak of COVID-19 virus. The effects of COVID-19 virus to the global economy include effect to economic growth, increase in credit risk, and the fluctuation of foreign currency exchange rates and disruption of business operation. The future effects of the outbreak of COVID-19 virus to the Company are unclear at this time.

The company has made assessment of recoverability of its assets like property plant equipment, intangible assets, capital work in progress and receivables and is reasonably certain that these need not be impaired as on 31st March 2021. However the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration which may be different from that estimated as at the date of approval of these financial results, and the Board will continue to closely monitor the developments.

## **C. Significant Accounting Policies**

### **1. Current Vs Non-current classification**

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

**An asset is current when it is:**

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

All other assets are classified as non - current.

**A liability is current when it is:**

- a. Expected to be settled in normal operating cycle
- b. Held primarily for the purpose of trading
- c. Due to be settled within twelve months after the reporting period, or
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are treated as non - current.

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

### **2. Revenue recognition**

The company recognizes revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness.

Revenue is the transaction price the company expects to be entitled to. Variable consideration if any, is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved.

The amount of variable consideration if any, is calculated by either using the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the company. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the company reasonably estimates those prices. Revenue is recognized for each performance obligation either at a point in time or over time.

The incremental cost to obtain a contract is recognised as an asset if the company expects to recover those costs over the period of contract. Company recognises the incremental costs of obtaining a contract as an expense, when incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

### **3. Other Incomes**

Other incomes are recognized when it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably.

### **4. Functional and presentation currency**

These financial statements are presented in Indian Rupees, which is the Company's functional currency. All amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs, unless otherwise stated.

### **5. Foreign currency transactions and translation**

Transactions and balances

(i) Foreign Currency transactions are recorded at the rate of exchange on the date of the transaction.

(ii) Monetary items of Assets and Liabilities booked in foreign currency are translated in to rupee at the exchange rate prevailing at the Balance Sheet date.

(iii) Exchange difference resulting from settlement of such transaction and from translation of monetary items of Assets and Liabilities are recognized in the Statement of Profit and Loss.

(iv) Exchange difference arising on translation of foreign currency liabilities for acquisition of Property, Plant and Equipment are adjusted to the Statement of Profit and Loss.

(v) The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it)

is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

## **6. Derivatives**

Company uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk or cost to the company. Derivative contracts are not used for trading or speculation purpose.

All derivatives are measured at fair value through the profit or loss unless they form part of a qualifying cash flow hedge, in which case the fair value is taken to reserves and released into the statement of profit and loss at the same time as the risks on the hedged instrument are recognised therein. Any hedge ineffectiveness will result in the relevant proportion of the fair value remaining in the statement of profit and loss. Fair values are derived primarily from discounted cash-flow models, option-pricing models and from third-party quotes. Derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. All hedging activity is explicitly identified and documented by the company.

## **7. Property, Plant and Equipment:**

Property, plant and equipment; and construction in progress are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes cost to build up plant, cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Property, Plant and Equipment are capitalised when it is capable of operating in the manner intended by management. Further, capitalisation has been done when substantial portion of the work is completed. When significant parts of property, plant and equipment are required to be replaced at intervals, the company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Standalone Statement of Profit and Loss as incurred.

Capital work-in-progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the balance sheet date.

Own manufactured assets are capitalised at cost including an appropriate share of allocable expenses.

### Depreciation and Amortization

Depreciation is charged on the basis of useful life of assets on Straight Line method (SLM) as below –

Asset Category	Life in Years	Basis for useful life
Plant & Machinery	15	Life as prescribed under schedule II of Companies Act 2013.
Office Equipment	5	Life as prescribed under schedule II of Companies Act 2013
Computer End user devices	3	Life as prescribed under schedule II of Companies Act 2013
Computer Servers	6	Life as prescribed under schedule II of Companies Act 2013

Depreciation on additions is provided from the date when asset is ready to use.

- Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the date on which such assets are sold, discarded or demolished.

- Foreign exchange fluctuation gain/ loss on imported plant and equipment were charged to Profit & Loss statement.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Standalone Statement of Profit and Loss when the asset is derecognised.

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.

#### Security:

As at 31st March 2021, Properties, Plant & Equipment with a carrying amount of INR 11,076.73 Lakhs (31st March 2020 NIL) are subject to first charge to secure bank loan. Refer note 14 "Borrowings".

## 8. Intangible assets:

Internally generated intangibles, excluding capitalised developments costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss for the period in which expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite useful lives are amortised by using Straight Line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset maybe impaired. Amortisation of Intangible assets is included in the depreciation and amortisation in the statement of Profit and Loss.

<b>Asset Category</b>	<b>Life in Years</b>	<b>Basis for useful life</b>
Computer Software	5	Life as prescribed under schedule II of Companies Act 2013
Intellectual Property Rights	5	Life as prescribed under schedule II of Companies Act 2013

Intangible assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets are recorded at the consideration paid for acquisition. In case of internally generated intangible assets, expenditure incurred in development

phase, where it is reasonably certain that the outcome of development will be commercially exploited to yield future economic benefits to the company, is considered as an intangible asset. Such developmental expenditure is capitalized at cost including a share of allocable expenses.

**Security:**

As at 31st March 2021, intangible assets with a carrying amount of INR 305.50 Lakhs (31st March 2020 NIL) are subject to first charge to secure bank loan. Refer note 14 "Borrowings".

**9. Leases**

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

**a. Company as a lessee**

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Company considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Company applies both recognition exemptions. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

**Right-of-use Asset**

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease

payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

#### **Lease Liability**

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

#### **Lease Modification**

For a lease modification that is not accounted for as a separate lease, the company accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset, wherever applicable.

#### **b. Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of profit and Loss on a straight-line basis over the term of the lease.

### **10. Inventories**

Inventories are valued at lower of their cost or net realizable value. The cost of raw materials, stores and consumables is measured on moving weighted average basis.

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost or net realizable value. Cost is determined on the basis of the moving weighted average method.

Finished Goods and work-in-progress are carried at cost or net realizable value, whichever is lower.

Stores, spares and tools other than obsolete and slow moving items are carried at cost. Obsolete and slow moving items are valued at cost or estimated net realizable value, whichever is lower.



## **11. Employee benefits**

Post-employment obligations

The Company operates the following post-employment schemes:

- (a) Defined benefit plans - gratuity and
- (b) Defined contribution plans - provident fund.

(a) Defined benefit plans - gratuity:

The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period on the basis of actuarial valuation by an independent actuary. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

(b) Defined contribution plans - provident fund:

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

## **12. Financial instruments**

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as;

- Level 1 — Quoted (unadjusted) market prices in 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

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

**13. Share capital**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**14. Earnings per share**

Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

**15. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the company are segregated.

Cash and cash equivalents (including bank balances) shown in the Statement of cash flows exclude items which are not available for general use as at the date of the Balance sheet.

**16. Taxes**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements. Deferred tax liabilities are recognized for all deductible temporary differences. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognized in profit or loss, except to the extent that it relate to the items that are recognized in other comprehensive income or directly in equity, in this case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

## **GST**

Expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### **17. Provisions & Contingent Liabilities**

Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Contingent liability:

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

## D : Additional notes to financial statement

### 1. Disclosure pursuant to Employee benefits

#### A. Defined contribution plans:

Amount of Rs. 34.66 Lakhs (Rs.32.92 Lakhs for 2019-20) is recognised as expenses and included in Note No. 26 "Employee Benefits Expense"

#### B. Defined benefit plans:

The Company has following post employment benefits which are in the nature of defined benefit plans:

(a) Gratuity

March 31, 2021 : Changes in defined benefit obligation and plan assets											₹ in Lakhs	
	Gratuity cost charged to statement of profit and loss				Benefit paid	Remeasurement gains/(losses) in other comprehensive income					March 31, 2020	
	April 1, 2020	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 32)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		Contributions by employer
<b>Gratuity</b>												
Defined benefit obligation	22.45	16.31	1.37	17.68	-	-	2.47	-3.04	-4.32	-4.89	-	35.24
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	22.45	16.31	1.37	17.68	-	-	2.47	-3.04	-4.32	-4.89	-	35.24
<b>Total benefit liability</b>	<b>22.45</b>	<b>16.31</b>	<b>1.37</b>	<b>17.68</b>	<b>-</b>	<b>-</b>	<b>2.47</b>	<b>-3.04</b>	<b>-4.32</b>	<b>-4.89</b>	<b>-</b>	<b>35.24</b>

March 31, 2020 : Changes in defined benefit obligation and plan assets											₹ in Lakhs	
	Cost charged to statement of profit and loss				Benefit paid	Remeasurement gains/(losses) in other comprehensive income					March 31, 2020	
	April 1, 2019	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 32)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		Contributions by employer
<b>Gratuity</b>												
Defined benefit obligation	9.07	10.52	0.69	11.21	-	-	-	2.69	-0.53	2.16	-	22.45
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	9.07	10.52	0.69	11.21	-	-	-	2.69	-0.53	2.16	-	22.45
<b>Total benefit liability</b>	<b>9.07</b>	<b>10.52</b>	<b>0.69</b>	<b>11.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.69</b>	<b>-0.53</b>	<b>2.16</b>	<b>-</b>	<b>22.45</b>

(b). Other long-term employment benefits

31 March 2021 : Changes in defined benefit obligation and plan assets of Compensated absences										
	Cost charged to statement of profit and loss				Benefit paid	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Contributions by employer	31 March 2021
	1 April 2020	Service cost	Interest cost	Sub-total included in statement of profit and loss (Note 33)						
<b>Compensated absences</b>										
Defined benefit obligation	42.13	14.38	-	14.38	-	-	-	-	-	56.51
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-
Benefit liability	42.13	14.38	-	14.38	-	-	-	-	-	56.51

31 March 2020 : Changes in defined benefit obligation and plan assets of Compensated absences (Rs. In Lakhs)										
	Cost charged to statement of profit and loss				Benefit paid	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Contributions by employer	31 March 2020
	1 April 2019	Service cost	Interest cost	Sub-total included in statement of profit and loss (Note 33)						
<b>Compensated absences</b>										
Defined benefit obligation	15.19	26.93	-	26.93	-	-	-	-	-	42.13
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-
Benefit liability	15.19	26.93	-	26.93	-	-	-	-	-	42.13

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	₹ in Lakhs	
	Year ended March 31, 2021	Year ended March 31, 2020
	Rs.	Rs.
Special Deposit Scheme	-	-
(%) of total plan assets	-	-
Insured managed funds	-	-
(%) of total plan assets	-	-
Others	-	-
(%) of total plan assets	-	-

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	₹ in Lakhs	
	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	6.90%	6.10%
Future salary increase	10.00%	10.00%
Expected rate of return on plan assets	-	-
Expected average remaining working lives (in years)		
Gratuity	11.18	8.81
Compensated Absences	11.18	8.81
Withdrawal rate (based on grade and age of employees)		
Gratuity	7.00%	10.00%
Compensated Absences	7.00%	10.00%

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

Particulars	Sensitivity level	₹ in Lakhs	
		(increase) / decrease in defined benefit obligation (Impact)	
		Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	1% increase	3.32	1.85
	1% decrease	-3.86	-2.13
Future salary increase	1% increase	-3.36	-1.81
	1% decrease	2.97	1.62
Withdrawal rate	1% increase	0.67	0.42
	1% decrease	-0.75	-0.47

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Particulars	Sensitivity level	₹ in Lakhs	
		(increase) / decrease in	
		Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	1% increase	4.80	3.21
	1% decrease	-5.53	-3.66
Future salary increase	1% increase	-4.76	-3.08
	1% decrease	4.24	2.77
Withdrawal rate	1% increase	-4.35	-2.84
	1% decrease	4.95	3.20

The followings are the expected future benefit payments for the defined benefit plan : ₹ in Lakhs

Particulars	Year ended	Year ended
	March 31, 2021	March 31, 2020
	Rs.	Rs.
Within the next 12 months (next annual reporting period)	0.30	0.35
Between 2 and 5 years	10.74	6.92
Beyond 5 years	77.29	50.66
Total expected payments	88.33	57.93

Weighted average duration of defined plan obligation (based on discounted cash flows) ₹ in Lakhs

Particulars	Year ended	Year ended
	March 31, 2021	March 31, 2020
	Years	Years
Gratuity	15.44	14.11

The followings are the expected contributions to planned assets for the next year: ₹ in Lakhs

Particulars	Year ended	Year ended
	March 31, 2021	March 31, 2020
	Rs.	Rs.
Gratuity	0.00	0.00

## 2 Related party transactions

### (a) Related parties and their relationship

#### (i) Where control exists:

Joint Venturer	
i	MTU Friedrichshafen GmbH
ii	Force Motors Limited

#### (ii) Entity under common control with co-venturer in the Company

MTU Asia Pte Ltd  
MTU India Private Limited

Key management personnel	
i	Abhaykumar Firodia, Director
ii	Prasan Firodia, Director
iii	Prashant Inamdar, Director
iv	Matthias Vogel, Director
v	Petar Pelemis, Director
vi	Kishore Jayaraman, Director
vii	Pramod Vaidya, Chief Executive Officer
viii	Jayant Barve, Chief Financial Officer

II	Transactions with related party (including Taxes)	Transaction value For the period from April 1, 2020 to March 31, 2021	Closing balance As at March 31, 2021	Transaction value For the period from April 1, 2019 to March 31, 2020	Closing balance As at March 31, 2020
<b>i</b>	<b>Issue of Shares</b>				
	Force Motors Limited	2,550.00	-	6,630.00	-
	MTU Friedrichshafen GmbH	2,450.00	-	6,370.00	-
<b>ii</b>	<b>Purchase of Capital Goods</b>				
	MTU Friedrichshafen GmbH	-	-	6,788.19	2,916.61
<b>iii</b>	<b>Purchase of Services (Capital Nature)</b>				
	MTU Friedrichshafen GmbH	3,195.08	2,875.40		
	Force Motors Limited	35.28	32.48		
<b>iv</b>	<b>Purchase of Goods</b>				
	MTU Friedrichshafen GmbH	1,996.68	2,345.13	777.13	615.57
	MTU India Private Limited	248.53	-	785.35	-
<b>v</b>	<b>Purchase of services</b>				
	Force Motors Limited	620.03	846.51	473.76	289.07
<b>vi</b>	<b>Traning expenses</b>				
	MTU India Private Limited			1.89	-
<b>vii</b>	<b>Consultancy charges</b>				
	MTU Friedrichshafen GmbH	132.60	120.05	253.10	-
	MTU India Private Limited	414.80	141.31	-	-
<b>viii</b>	<b>Reimbursement of expenses</b>				
	MTU Friedrichshafen GmbH	-	-	10.65	-
	Force Motors Limited	-	-	140.96	-
<b>ix</b>	<b>Purchase of drawing and design</b>				
	Force Motors Limited	-	-	64.62	-
<b>x</b>	<b>Sale of Goods</b>				
	MTU Friedrichshafen GmbH	304.93	49.28	50.40	54.77
	MTU Asia Pte Ltd	1.92	1.92		
<b>xi</b>	<b>Remuneration to Key management personnel</b>				
<b>i</b>	Pramod Vaidya, Chief Executive Officer	99.91	14.29	95.81	7.98
<b>ii</b>	Jayant Barve, Chief Financial Officer	29.68	2.00	*8.72	2.31

\* Joined the company from 2nd Jan 2020

Transactions entered into with related party are made in ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: ₹ Nil).

### 3. Fair Value Measurement

Fair Values by category:

The carrying value and fair value of financial instruments by categories as of March 31, 2021 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Total Carrying value	Total Fair Value
<b>Financial Assets:</b>				
Other financial asset - non-current	380.40	-	380.40	380.45
Trade receivables - current	84.96	-	84.96	84.96
Cash and cash equivalents	530.93	-	530.93	530.93
Bank balance	200.00	-	200.00	200.00
Other financial asset - current	4.21	-	4.21	4.21
<b>Financial Liabilities:</b>				
Borrowings	3,600.84	-	3,600.84	3,600.84
Lease liability – non current	8,045.74	-	8,045.74	8,045.74
Lease liability – current	352.85	-	352.85	352.85
Trade payable (Including MSME)	6,817.54	-	6,817.54	6,817.54
Other financial liabilities - current	3,143.31	58.37*	3,201.68	3,201.68

\*Company has determined level of fair value hierarchy as level 2 for items classified as FVTPL



The carrying value and fair value of financial instruments by categories as of March 31, 2020 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Total Carrying value	Total Fair Value
<b>Financial Assets:</b>				
Other financial asset - non-current	233.68	-	233.68	233.68
Trade receivables - current	54.77	-	54.77	54.77
Cash and cash equivalents	4,082.45	-	4,082.45	4,082.45
Other financial asset - current	4.30	-	4.30	4.30
<b>Financial Liabilities:</b>				
Trade Payable (Including MSME)	1,279.09	-	1,279.09	1,279.09
Other financial liabilities - current	3,913.23	-	3,913.23	3,913.23

#### 4. Revenue Recognition

(A) Set out below is the disaggregation of the company's revenue from contracts with its customers :

(₹ in Lakhs)

Particulars	Domestic Business	Export Business	Total
Revenue from contracts with customers	882.93	267.67	1,150.60

(B) The company generally recognizes revenue when the performance obligation is satisfied at a point in time when the control is transferred i.e. either on shipment in domestic and in case of export on the date of bill of lading. The payment is due from the date of sales and are generally on terms of 30 days to 90 days.

(C) The company is in the business of manufacturing of Engines, Gensets and related spares and has a single obligation of delivery of goods as per the commercial contract terms with its customers.

(D) The company provides to its customers warranties in the forms of repairs or replacement under its standard terms and recognizes it as warranty provision as per Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

Reconciliation of the company's revenue from contract price with revenue recognized in the statement of Profit and Loss is as follows:

(₹ in Lakhs)

Particulars	2020-21	2019-20
Revenue as per Contract	1,150.60	150.41
Less : Discounts and Incentives	-	-
<b>Revenue from contracts with customers</b>	<b>1,150.60</b>	<b>150.41</b>

## 5. Disclosure pursuant to Ind AS 116 "Leases"

I) Where the Company is a lessee:

a. Profit and Loss information

Depreciation charge on right-of-use assets:

Particulars	2020-21	2019-20
Building	386.12	-
<b>Total</b>	<b>386.12</b>	<b>-</b>

Interest expense on lease liabilities:

Particulars	2020-21	2019-20
Building	349.33	-
<b>Total</b>	<b>349.33</b>	<b>-</b>

Others

Particulars	2020-21	2019-20
Expense recognised in respect of low value leases	-	-
Expense recognised in respect of short term leases	-	-
Aggregate undiscounted commitments for short-term leases	-	-

b. Maturity analysis of lease liabilities

Particulars	As at	As at	As at
	31-March-2021	31-March-2020	1-April-2019
Less than 1year	352.85	-	-
Between 1 year to 5 years	2,301.98	-	-
More than 5 years	5,743.76	-	-

c. Total cash outflow for leases

Particulars	2020-21	2019-20
Cash outflow for the lease payments (including advance payments)	486.29	-
Short term leases and low-value asset leases not included in the measurement of the liabilities	-	-
<b>Total</b>	<b>486.29</b>	<b>-</b>

## 6. Contingencies and Commitments:

Claims against the company not acknowledged as debt amount to Rs. 498.67 Lakhs (FY 19-20 – Rs. 119.71 Lakhs).

**Commitments:**

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances)	1,749.33	458.31

**7. Remuneration to auditors**

(₹ in lacs)

Particulars	2020-21	2019-20
Audit fees	0.75	0.75
Tax audit fees	0.25	0.25
Other services	0.45	0.00
Certification fees	0.05	0.45
Reimbursement of expenses	0.25	0.00
<b>Total</b>	<b>1.75</b>	<b>1.45</b>

**8. Disclosures pursuant to The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act)**

The company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act) as at 31 Mar 2021. The disclosure pursuant to the said Act is as under.

Particulars	2020-21	2019-20
Total outstanding to MSME Suppliers (Excluding Interest & Advance)	78.01	25.47
Payment made to suppliers beyond the appointed day during the year	112.83	14.77
Interest due and payable to suppliers under MSMED Act, for the payments already made	2.16	0.37
Interest due on principal amount remaining unpaid	0.05	0.22
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	2.81	0.59

The information has been given in respect of such vendors is on the basis of information available with the Company

## 9. Financial risk management

In the course of its business, the Company is exposed primarily to market risk, liquidity risk and credit risk, which may adversely impact the fair value of its financial instruments.

### (A) Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

#### i) Interest rate risk

##### a. Exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2021	As at 31 <sup>st</sup> March 2020
Long Term Fixed Interest Loans	3,600.84	-

#### ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenue or expense is denominated in a foreign currency).

##### Foreign currency sensitivity

Nature of Exposure	Currency	31-Mar-21	31-Mar-20
Receivable	Euro	13,65,539	65,000
	CHF	53,446	-
Payable	Euro	99,80,093	45,55,285
	USD	2,55,499	86,672
	CHF	-	42,119

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EURO and CHF exchange rates, with all other variables held constant. The impact on the company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the company's pre-tax equity is due to changes in profit before tax. The company's exposure to foreign currency changes for all other currencies is not material.

Financial Year	Currency	Change in Rate	Effect of Profit before Tax	Effect on Pre-Tax equity
31-Mar-21	Euro	5%	(376.62)	(376.62)
		-5%	376.62	376.62
	USD	5%	(9.44)	(9.44)
		-5%	9.44	9.44
	CHF	5%	2.05	2.05
		-5%	(2.05)	(2.05)

Financial Year	Currency	Change in Rate	Effect of Profit before Tax	Effect on Pre-Tax equity
31-Mar-21	Euro	5%	(186.44)	(186.44)
		-5%	186.44	186.44
	USD	5%	(3.29)	(3.29)
		-5%	3.29	3.29
	CHF	5%	(1.68)	(1.68)
		-5%	1.68	1.68

## B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet this. The Company invests its surplus funds in bank fixed deposit.

### Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for

Particulars	On Demand	Less than 3 Months	3 months to 1 year	1 year to 5 year	More than 5 years	Total
<b>31-Mar-21</b>						
Borrowings	-	-	-	2,886.72	714.12	3,600.84
Lease liability	-	153.65	199.20	2,301.98	5,743.76	8,398.59
Trade payables	3,511.55	3,305.99	-	-	-	6,817.54
Other financial liabilities	58.37	3,143.31	-	-	-	3,201.68
<b>Total</b>	<b>3,569.92</b>	<b>6,602.95</b>	<b>199.20</b>	<b>5,188.70</b>	<b>6,457.88</b>	<b>22,018.65</b>
<b>31-Mar-20</b>						
Trade payables	15.36	1,263.73	-	-	-	1,279.09
Other financial liabilities	-	3,913.23	-	-	-	3,913.23
<b>Total</b>	<b>15.36</b>	<b>5,176.96</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,192.32</b>

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

## Net Debt Reconciliation

Particulars	31-Mar-21	31-Mar-20
Cash and cash equivalent	530.93	4,082.45
Non-current Borrowings	(3,600.84)	0.00
<b>Net debt #</b>	<b>(3,069.91)</b>	<b>4,082.45</b>

Particulars	31-Mar-21	31-Mar-20
<b>Net Debt as on 1-Apr-20 #</b>	4,082.45	914.84
Cash flows	(7,152.36)	3,167.61
<b>Net debt as on 31-Mar-21 #</b>	<b>(3,069.91)</b>	<b>4,082.45</b>

# Positive value in Net debt signifies asset

### (C) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of credit worthiness.

#### Credit risk management

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period.

Financial assets other than cash and cash equivalent are neither past due nor impaired

## 10. Capital Management

### (a) Risk management

The Company's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity or short-term borrowings. The Company

monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

## 11. Segment

Policy

The company is engaged in the business of manufacturing and sales of Engines, Gensets and spares thereof which is considered as single reportable segment by the company. Also company has identified Export and Domestic as secondary segments for the purpose of disclosure.

The desegregation of revenue in to Domestic and Export Business is as under –

Particulars	Domestic Business	Export Business	Total
Revenue from contracts with customers	882.93	267.67	1,150.60

All the assets of the company are located in India.

Net Revenue from two customer of the company is Rs. 623.40 lakhs (2019-20 ₹ NIL) which is more than 10 percent of the company's total revenue.

## 12. Earnings Per Share (Basic and Diluted)

Particulars	2020-21	2019-20
Loss for the year after tax (₹ in Lakhs)	2,343.77	1,609.08
Total number of equity shares at the end of the year (One Equity share of face value of ₹ 10/- each)	20,62,00,000	15,62,00,000
Weighted average number of equity shares for the purpose of computing Earnings Per Share	19,67,47,945	9,72,97,222
Basic and Diluted Earnings Per Share (in ₹)	(1.19)	(1.65)



## **Note 32: Standards issued but not yet effective**

### **Amendments:**

On 24 March 2021, the Ministry of Corporate Affairs (“MCA”) through a notification, amended Schedule III (Division I, II and III) of the Companies Act, 2013. The amendment is applicable from 1 April 2021 and it specifies additional disclosures in the financial statements.

The amendments are extensive and the Company is in the process of evaluating the same to give effect to the same as required by law.

### **Exposure Drafts:**

Following exposure drafts have been issue by the Institute of Chartered Accountants of India:

**1. Amendment to Ind AS 116, “Leases” - Covid-19-Related Rent Concessions beyond 30 June 2021**

On 24 July 2020, the MCA issued the Companies (Indian Accounting Standard) Amendment Rules, 2020 which amended Ind AS 116 to provide relief for lessees in accounting for eligible rent concessions upto 31 July 2021 that are a direct consequence of COVID-19. The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to extend the relief for lessees in accounting for eligible rent concessions upto 31 July 2022.

**2. Amendment to Ind AS 116, “Leases” - Interest Rate Benchmark Reform: Phase 2**

The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to include a practical expedient in respect of all lease modifications that change the basis for determining future lease payments as a result of interest rate benchmark reform.

**3. Amendments to Ind AS 37, “Provisions, Contingent Liabilities and Contingent Assets” – Onerous Contracts**

The exposure draft on amendments to Ind AS 37 issued by the Institute of Chartered Accountants of India proposes amendments regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

**4. Amendments to Ind AS 16, “Property, Plant and Equipment” – Proceeds before Intended Use**

The exposure draft on amendments to Ind AS 16 issued by the Institute of Chartered Accountants of India proposes amendments regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

**5. Amendments to Ind AS 103, “Business Combinations” – Reference to the Conceptual Framework**

The exposure draft on amendments to Ind AS 103 issued by the Institute of Chartered Accountants of India proposes amendments to change out updated reference to “Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards” and update it with reference to “Conceptual Framework for Financial Reporting under Indian Accounting Standards”. It also proposes certain consequential amendments.

**6. Amendments to 101, “First-time Adoption of Indian Accounting Standards” – Subsidiary as a First-time Adopter**

The exposure draft on amendments to Ind AS 101 issued by the Institute of Chartered Accountants of India proposes amendments to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

**7. Amendments to 41, “Agriculture” – Taxation in Fair Value Measurements**

The exposure draft on amendments to Ind AS 41 issued by the Institute of Chartered Accountants of India proposes amendments to remove a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in Ind AS 41 with those in other Ind AS’s.

**8. Amendments to Ind AS 109, “Financial Instruments” and Ind AS 107, “Financial Instruments: Disclosures” - Interest Rate Benchmark Reform: Phase 2**

The exposure draft on amendments to Ind AS 109 and Ind AS 107 issued by the Institute of Chartered Accountants of India proposes amendments to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of Ind AS’s when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate.

**9. New Indian Accounting Standard (Ind AS) 117, Insurance Contracts**

The exposure draft of Ind AS 117 is issued by the Institute of Chartered Accountants of India as replacement for Ind AS 104 Insurance Contracts.

The above exposure drafts have not been notified by the Ministry of Corporate Affairs (‘MCA’) to be applicable from 1 April, 2021 as at the date of approval of these financial statements. On issue of the amendment by MCA, the Company would evaluate the impact of the change in the standalone financial statements.

**NOTE 33:** Previous year's figures have been re-grouped wherever considered necessary to make them comparable with those of the current year.

All amounts disclosed in financial statements and notes are presented in "Rupees Lakhs" and have been rounded off to two decimal places as per the requirement of Division II of Schedule III to the Act, unless otherwise stated

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Signatures to note number 1 to 33, forming part financial statements

As per our attached report of even date

For and on behalf of the board of directors

**For P G BHAGWAT LLP**  
Chartered Accountants  
Firm registration No. 101118W/ W100682

Prasan Firodia  
Director  
DIN : 00029664  
Pune Date : 25th May 2021

Kishore Jayaraman  
Director  
DIN : 02092505  
New Delhi Date : 25th May 2021

Nachiket Deo  
Partner  
Membership No. 117695  
Date: 25th May 2021  
Pune.

Pramod Vaidya  
Chief Executive Officer  
Pune Date : 25th May 2021

Jayant Barve  
Chief Financial Officer  
Pune Date : 25th May 2021