

# P G BHAGWAT LLP

Chartered Accountants  
LLPIN: AAT - 9949

## HEAD OFFICE

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## INDEPENDENT AUDITORS' REPORT

To the Members of FORCE MTU POWER SYSTEMS PRIVATE LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the Financial Statements of FORCE MTU POWER SYSTEMS PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its loss (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 Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and 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 opinion.

#### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Director's report, but does not include the Financial Statements and our auditor's report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

FORCE MTU POWER SYSTEMS PRIVATE LIMITED AUDIT REPORT MARCH 31, 2023



Offices at: Mumbai | Kolhapur | Belagavi | Hubballi | Dharwad | Bengaluru

## **P G BHAGWAT LLP**

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### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matters below, our description of how our audit addressed the matter provided in that context.

We have determined the matter described below to be the key audit matter to be communicated in our report.

#### **Revenue recognition:**

During the financial year the company has recognised revenue from contracts with customers for sale of goods and services of Rs. 23,160.69 Lakhs (Refer Note 22 of Financial Statements). Revenue is recognised as per revenue recognition policy described in Note 31.C.2.

We have identified revenue recognition as a key audit matter since it involves significant management judgement and estimates including whether contracts contain multiple performance obligations which should be accounted for separately. This comprises allocation of the transaction price to each performance obligation and assessing whether the identified performance obligations are satisfied at a point in time and determining when the control is transferred.

Our audit methodology included the following:

- Obtained an understanding and assessed internal controls and its effectiveness with regards to recognition of revenue.
- Analysed major streams of revenue of company to assess whether the method of revenue recognition is consistent with IND AS 115 and has been applied consistently.
- Focused on contract classification, determination of the performance obligations and determination of transaction price including variable consideration for selected samples.
- Tested on sample basis whether revenue transactions near to the reporting date have been recognised in the appropriate period based on terms of the contract.
- Evaluated and critically analysed on sample basis, the significant judgements and estimates made by the management in applying the accounting policy for allocation of transaction price and the timing of transfer of control.
- Critically analysed the adequacy and appropriateness of disclosures required as per Ind AS 115- Revenue from Contracts with Customers.

### **Responsibilities of Management and Those Charged with Governance for the 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 Financial Statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as 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



## P G BHAGWAT LLP

Chartered Accountants

LLPIN: AAT-9949

and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Financial Statements.

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

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 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 Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.



## **P G BHAGWAT LLP**

Chartered Accountants

LLPIN: AAT-9949

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended
  - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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"
  - g) In our opinion and according to information and explanation provided to us, section 197 is not applicable to the company.
  - 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 does not have any pending litigations having impacts on its financial position. The Company has disclosed the impact of claims not acknowledged by the company as on its financial position in its Financial Statements – Refer Note 31.D.6 to the Financial Statements



- (ii) The Company has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, 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
- (iv) (a) The management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the financial statements, if any, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) the management has represented to us, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the Financial Statements, if any, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations made by the management and as mentioned under sub-clause (iv)(a) and (iv)(b) above contain any material misstatement.
- (v) The Company has not declared or paid dividend during the year.
- (vi) The requirement to the use of accounting software for maintaining Company's books of account which has a feature of recording audit trail (edit log) facility is deferred to financial years commencing on or after April 1, 2023, therefore reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 is not applicable for financial year ended on March 31, 2023.

For **P G BHAGWAT LLP**  
Chartered Accountants  
Firm Registration Number: 101118W/W100682

  
Purva Kulkarni

Partner  
Membership Number: 138855  
UDIN: 23138855BGTQUY9283  
Pune  
May 12, 2023



## Annexure A to the Independent Auditors' Report

Referred to in paragraph 1 under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.  
(B) The Company is maintaining proper records showing full particulars of intangible assets;
- (b) The Property, Plant & Equipment of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) The Company does not own any immovable properties as disclosed in Note [1] on Property, Plant & Equipment to the financial statements. Therefore, the provisions of Clause 3(i) (c) of the said Order are not applicable to the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.
- (e) According to the information and explanations provided to us there are no proceedings have been initiated or are pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder. Hence reporting under clause 3(i) (e) of the order is not applicable.
- ii. (a) The physical verification of inventory [excluding stocks with third parties] have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion and based on the policy adopted by the management, the coverage and procedure of such verification is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) According to the information and explanations provided to us, the company has been sanctioned working capital limits in excess of five crore rupees during the year, in aggregate, from banks or financial institutions on the basis of security of current assets. The management of the company has provided us with the quarterly returns or statements, which they have represented to us have been filed by the company with their banks or financial institutions. In our opinion, these quarterly returns or statements are in agreement with the books of account of the Company.
- iii. The company during the year has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms,



## P G BHAGWAT LLP

Chartered Accountants

LLPIN: AAT-9949

Limited Liability Partnerships or any other parties. Hence reporting under Clause (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e) and (iii)(f), of the said Order are not applicable to the Company.

- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including Goods and Service Tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. [Note 20]
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.
- viii. In terms of the information and explanations given to us and the books of account and records examined by us, the Company has not surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Hence reporting under clause 3(viii) of the order is not applicable.
- ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender as at the balance sheet date.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared willful defaulter by any bank or financial institution or government or any government authority.



**P G BHAGWAT LLP**

Chartered Accountants  
LLPIN: AAT-9949

(c) In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.

(e) The company does not have any subsidiary, associate or joint venture, hence reporting under clause 3(ix)(e) of the order is not applicable.

(f) The company does not have any subsidiary, associate or joint venture, hence reporting under clause 3(ix)(f) of the order is not applicable.

x. (a) The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) during the year. Accordingly, the provisions of Clause 3(x)(a) of the Order are not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year. Accordingly, the provisions of Clause 3(x)(b) of the Order are not applicable to the Company.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, report in the form ADT-4 as specified under sub-section (12) of section 143 of the Companies Act has not been filed. Accordingly reporting under clause 3(xi)(b) of the order is not applicable.

(c) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the company during the year.'

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. Further, the





**P G BHAGWAT LLP**

Chartered Accountants  
LLPiN. AAT-9949

Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.

- xiv. (a) In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act 2013.
- (b) The company did not have an internal audit system for the period under audit. Hence reporting under clause 3(xiv)(b) is not applicable.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and procedures performed by us, we report that the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Therefore, reporting under clause 3(xvi)(b) of the order is not applicable.
- (c) According to the information and explanations given to us and procedures performed by us, the Company is not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, hence reporting under clause 3(xvi)(c) of the order is not applicable.
- (d) Based on information and explanation given to us and as represented by the management, the Group does not have any Core Investment Company (CIC) as part of the Group.
- xvii. The Company has incurred cash losses of Rs. 3196.62 lakhs during current financial year and had incurred cash losses of Rs. 3,424.36 lakhs during immediately preceding financial year.
- xviii. There has been no resignation by statutory auditors during the year hence reporting under clause 3(xviii) of the order is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any



**P G BHAGWAT LLP**

Chartered Accountants  
LLPIN: AAT-9949

guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

- xx. (a) The provisions of Section 135 of the Act are not applicable to the company. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) The provisions of Section 135 of the Act are not applicable to the company. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

**For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682

*Purva Kulkarni*

Purva Kulkarni

Partner

Membership Number: 138855

UDIN: 23138855BGTQUY9283

Pune

May 12, 2023



## **P G BHAGWAT LLP**

Chartered Accountants

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### **Annexure B to the Independent Auditors' Report**

Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

#### **Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to the Financial Statements of FORCE MTU POWER SYSTEMS PRIVATE LIMITED ("the Company") as of March 31, 2023 in conjunction with our audit of the 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 controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Company's internal financial controls with reference to the Financial Statements 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, to the extent applicable to an audit of internal financial controls, 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 with reference to the Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Financial Statements included obtaining an understanding of internal financial controls with reference to the Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the Financial Statements.

FORCE MTU POWER SYSTEMS PRIVATE LIMITED AUDIT REPORT MARCH 31, 2023



## P G BHAGWAT LLP

Chartered Accountants

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### Meaning of Internal Financial controls with reference to the Financial Statements

A company's internal financial controls with reference to the Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

### Inherent Limitations of Internal Financial Controls with reference to the Financial Statements

Because of the inherent limitations of internal financial controls with reference to the Financial Statements, 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 with reference to the Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Financial Statements 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, adequate internal financial controls with reference to the Financial Statements and such internal financial controls with reference to the Financial Statements were operating effectively as at March 31, 2023, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P G BHAGWAT LLP

Chartered Accountants

Firm Registration Number: 101118W/W100682

*Purva Kulkarni*

Purva Kulkarni

Partner

Membership Number: 138855

UDIN: 23138855BGTQUY9283



Pune

May 12, 2023

**Force MTU Power Systems Private Limited**  
Balance Sheet as at 31st March 2023

| Particulars   | Note No. | ₹ in Lakhs          |                     |
|---|----------|---------------------|---------------------|
|   |          | As at 31 March 2023 | As at 31 March 2022 |
| <b>ASSETS</b>   |          |                     |                     |
| <b>I. Non-current assets</b>  |          |                     |                     |
| (a) Property, plant and equipment   | 1        | 23,386.71           | 23,188.77           |
| (b) Capital work-in-progress  | 1        | 10,570.25           | 10,464.59           |
| (c) Right to Use Asset  | 1        | 109.51              | -                   |
| (d) Other Intangible assets   | 1        | 7,012.04            | 8,013.85            |
| (e) Intangible assets under development   | 2        | 342.11              | 398.58              |
| (f) Financial assets  | 2        | -                   | -                   |
| (i) Other financial assets  | 3        | 440.77              | 412.92              |
| (g) Non-current tax assets (Net)  | 4        | 1.16                | 6.69                |
| (h) Other non-current assets  | 5        | 1,301.27            | 1,542.32            |
| (i) Deferred tax asset  | 15       | 3,609.60            | 2,349.82            |
| <b>II. Current assets</b>   |          |                     |                     |
| (a) Inventories   | 6        | 28,260.15           | 17,635.14           |
| (b) Financial assets  | 6        | 14,589.77           | 11,117.21           |
| (i) Trade receivables   | 7        | 6,580.07            | 2,312.52            |
| (ii) Cash and cash equivalents  | 8a       | 482.65              | 306.46              |
| (iv) Other financial assets   | 9        | 857.88              | 287.27              |
| (c) Current tax assets (net)  | 10       | -                   | -                   |
| (d) Other current assets  | 11       | 5,749.78            | 3,611.68            |
| <b>Total Assets</b>   |          | <b>51,646.86</b>    | <b>40,823.91</b>    |
| <b>EQUITY AND LIABILITIES</b>   |          |                     |                     |
| <b>Equity</b>   |          |                     |                     |
| (a) Equity share capital  | 12       | 13,103.02           | 16,739.42           |
| (b) Other equity  | 12       | 25,000.00           | 25,000.00           |
| (i) General reserve   | 13       | -                   | -                   |
| (ii) Retained earnings  | 13       | (11,896.98)         | (8,260.58)          |
| <b>Liabilities</b>  |          |                     |                     |
| <b>I. Non-current liabilities</b>   |          |                     |                     |
| (a) Financial liabilities   |          | 11,847.04           | 13,501.04           |
| (i) Borrowings  | 14       | 4,664.53            | 5,759.67            |
| (ii) Lease Liability  | 18a      | 7,082.43            | 7,655.94            |
| (b) Long-term provisions  | 16       | 100.08              | 85.43               |
| <b>II. Current liabilities</b>  |          |                     |                     |
| (a) Financial liabilities   |          | 26,696.80           | 10,583.45           |
| (i) Borrowings  | 17       | 6,439.47            | 3,008.02            |
| (ii) Trade and other payables   | 18       |                     |                     |
| a) total outstanding dues of micro enterprises and small enterprises                      | 18       | 192.02              | 119.42              |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises | 18       | 16,708.79           | 5,785.64            |
| (iii) Lease Liability   | 18b      | 500.60              | 389.80              |
| (iv) Other financial liabilities  | 19       | 688.17              | 353.66              |
| (b) Other current liabilities   | 20       | 1,436.39            | 757.57              |
| (c) Short-term provisions   | 21       | 731.36              | 169.34              |
| <b>Total Equity and Liabilities</b>   |          | <b>51,646.86</b>    | <b>40,823.91</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

*Purva Kulkarni*

Purva Kulkarni  
Partner  
Membership No. 138855  
Date: 12th May 2023  
Pune.



*Prasan Firodia*

Prasan Firodia  
Director  
DIN : 00029664  
Date : 12th May 2023  
Pune.

*Tobias Ostermaier*

Tobias Ostermaier  
Director  
DIN : 09214149  
Date : 12th May 2023  
Pune.

*Pramod Vaidya*

Pramod Vaidya  
Chief Executive Officer  
Date : 12th May 2023  
Pune.

*Vijay Patil*

Vijay Patil  
Chief Financial Officer  
Date : 12th May 2023  
Pune.

*Piyush Lalwani*

Piyush Lalwani  
Company Secretary  
Date : 12th May 2023  
Pune.



**Force MTU Power Systems Private Limited**  
**Statement of Profit and Loss for the year ended 31st Mar 2023**

₹ in Lakhs

| Particulars  | Note No. | 2022-23           | 2021-22           |
|--|----------|-------------------|-------------------|
| <b>Income</b>  |          |                   |                   |
| Revenue from operations  | 22       | 23,160.69         | 7,829.40          |
| Other income   | 23       | 110.71            | 438.05            |
| <b>Total Income</b>  |          | <b>23,271.40</b>  | <b>8,267.45</b>   |
| <b>Expenses</b>  |          |                   |                   |
| Cost of raw materials and components consumed  | 24       | 20,909.48         | 6,737.02          |
| Purchase of traded goods   |          |                   |                   |
| Changes in inventories of finished goods, work-in-progress and traded goods                          | 25       | 200.10            | (131.87)          |
| Employee benefits expense  | 26       | 1,029.44          | 797.22            |
| Finance costs  | 27       | 1,270.69          | 1,033.98          |
| Depreciation and amortisation expense  | 28       | 1,842.76          | 1,785.01          |
| Other Expenses   | 29       | 2,929.14          | 2,414.60          |
| <b>Total Expenses</b>  |          | <b>28,181.61</b>  | <b>12,635.96</b>  |
| <b>Profit before exceptional items and tax</b>   |          | <b>(4,910.21)</b> | <b>(4,368.51)</b> |
| Exceptional items - (Expenses)/Income  |          | -                 | -                 |
| <b>Profit / (loss) before tax</b>  |          | <b>(4,910.21)</b> | <b>(4,368.51)</b> |
| <b>Tax expense</b>   | 30       | <b>(1,263.42)</b> | <b>(1,099.80)</b> |
| Current tax  |          | -                 | -                 |
| (Excess)/short provision related to earlier years  |          | -                 | -                 |
| Deferred tax   |          | (1,263.42)        | (1,099.80)        |
| <b>Profit / (loss) for the year</b>  |          | <b>(3,646.79)</b> | <b>(3,268.71)</b> |
| <b>Other Comprehensive Income</b>  |          | <b>10.39</b>      | <b>11.47</b>      |
| <b>A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b> |          | <b>10.39</b>      | <b>11.47</b>      |
| Re-measurement gains/(losses) on defined benefit plans   |          | 14.04             | 15.50             |
| Income tax effect on above   |          | (3.65)            | (4.03)            |
| <b>Total comprehensive income for the year, net of tax</b>   |          | <b>(3,636.40)</b> | <b>(3,257.24)</b> |

**Earnings per equity share** (nominal value per share ₹ 10/- (31 March 2022: ₹ 10/-))

|         |        |        |
|---------|--------|--------|
| Basic   | (1.46) | (1.34) |
| Diluted | (1.46) | (1.34) |

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

*P. Kulkarni*



Purva Kulkarni  
 Partner  
 Date: 12th May 2023  
 Pune.

M.No. 138855

Prasan Firodia  
 Director  
 DIN : 00029664  
 Date : 12th May 2023  
 Pune.

*Pramod Vaidya*  
 Pramod Vaidya  
 Chief Executive Officer  
 Date : 12th May 2023  
 Pune.

*Piyush Lalwani*  
 Piyush Lalwani  
 Company Secretary  
 Date : 12th May 2023  
 Pune.

Tobias Ostermaier  
 Director  
 DIN : 09214149  
 Date : 12th May 2023  
 Pune.

*Vijay Patil*  
 Vijay Patil  
 Chief Financial Officer  
 Date : 12th May 2023  
 Pune.



**Force MTU Power Systems Pvt Ltd**  
Statement of Cash Flow the year ended 31st March 2023

| Particulars   | 2022-23           | 2021-22           |
|---|-------------------|-------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                    |                   |                   |
| Profit before Tax   | (4,910.21)        | (4,368.51)        |
| <i>Adjustments to reconcile profit before tax to net cash flows:</i>          |                   |                   |
| <b>Add :</b>  |                   |                   |
| Depreciation and Amortisation   | 1,842.76          | 1,785.01          |
| Loss / ( Profit ) on Revalorisation on Imports                                | 446.94            | 31.25             |
| Loss on Write down of inventory to its NRV                                    | 39.50             | 9.94              |
| Finance cost  | 1,270.69          | 1,033.98          |
| Fixed Assets written off during the year                                      | 74.82             | -                 |
|   | <b>3,674.71</b>   | <b>2,860.18</b>   |
| <b>Less :</b>   |                   |                   |
| Unwinding of interest on deposits   | 34.63             | 35.17             |
| Interest received (Finance income)  | -                 | 1.71              |
| Provisions no longer required written back                                    | -                 | 8.16              |
| {Loss} / Profit on Revalorisation on Exports                                  | 15.43             | 2.35              |
| {Loss} / Profit Derivative Liability accounted for as FVTPL                   | 570.61            | 287.27            |
| {Loss} / Profit on Revalorisation on Forex Loans                              | (299.82)          | 61.88             |
| {Loss} / Profit on Revalorisation on EEFC Revolurisation                      | 115.81            | 6.25              |
|   | 436.66            | 402.78            |
| <b>Operating Profit before working capital changes</b>                        | <b>(1,672.17)</b> | <b>(1,911.12)</b> |
| <i>Working Capital Adjustments</i>  |                   |                   |
| Increase / ( Decrease ) in Liabilities  |                   |                   |
| {Increase} / Decrease in Trade and Other Receivables                          | (6,383.44)        | (3,635.48)        |
| {Increase} / Decrease in Inventories  | (3,512.06)        | 936.53            |
| Increase / ( Decrease ) in Trade and other Payables                           | 11,246.21         | (677.27)          |
| Increase / ( Decrease ) in Provisions   | 590.71            | 169.70            |
|   | 1,941.42          | (3,206.52)        |
| <b>Net Cash generated from operations</b>                                     | <b>269.25</b>     | <b>(5,117.63)</b> |
| Direct taxes paid   | 5.53              | 17.58             |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>                                | <b>274.78</b>     | <b>(5,100.05)</b> |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                    |                   |                   |
| <b>Add :</b>  |                   |                   |
| Interest received (Finance income)  | -                 | 5.92              |
|   | -                 | 5.92              |
| <b>Less :</b>   |                   |                   |
| Investment in fixed deposits with bank  | -                 | (200.00)          |
| Payments for Purchase of Property, Plant and Equipment                        | 517.50            | 3,558.48          |
|   | <b>517.50</b>     | <b>3,358.48</b>   |
| <b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>                           | <b>(517.50)</b>   | <b>(3,352.56)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                    |                   |                   |
| Proceeds from borrowings  | 2,036.50          | 5,228.73          |
| Finance Cost  | (519.19)          | (219.73)          |
| Repayment of Lease Liability  | (1,159.70)        | (1,167.11)        |
| Reduction in Lease Liability  | (54.51)           | -                 |
| Issue of equity Shares  | -                 | 4,380.00          |
| <b>NET CASH USED IN FINANCING ACTIVITY</b>                                    | <b>303.10</b>     | <b>8,221.89</b>   |
| <b>Net increase / (decrease) in cash and cash equivalents</b>                 | <b>60.38</b>      | <b>(230.72)</b>   |
| <b>Opening Cash and Cash equivalents</b>                                      | <b>306.46</b>     | <b>530.93</b>     |
| <b>Closing Cash and Cash equivalents</b>                                      | <b>366.84</b>     | <b>300.21</b>     |
| <b>Cash and Cash Equivalent Included in statement of cash flows includes-</b> |                   |                   |
| Cash and Cash equivalent as per Balance Sheet (Refer Note 8a)                 | 482.65            | 306.46            |
| Less:-Unrealised Exchange loss on cash and cash equivalent                    | (115.81)          | (6.25)            |
| <b>Closing Cash and Cash equivalents</b>                                      | <b>366.84</b>     | <b>300.21</b>     |

As per our attached report of even date

For and on behalf of the board of directors

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

*P. Kulkarni*

Purva Kulkarni  
Partner  
Date: 12th May 2023  
Pune.

M.No. 138855



*Prasan Firodia*  
Prasan Firodia  
Director  
DIN : 00029664  
Date : 12th May 2023  
Pune.

*Pranod Vaidya*  
Pranod Vaidya  
Chief Executive Officer  
Date : 12th May 2023  
Pune.

*Piyush Lalwani*  
Piyush Lalwani  
Company Secretary  
Date : 12th May 2023  
Pune.

*Fobias Ostermaier*  
Fobias Ostermaier  
Director  
DIN : 09214149  
Date : 12th May 2023  
Pune.

*Vijay Patil*  
Vijay Patil  
Chief Financial Officer  
Date : 12th May 2023  
Pune.



**Force MTU Power Systems Private Limited**

Statement of changes in Equity for the year ended 31 March 2023

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

₹ In Lakhs

| Equity Shares of Rs 10 each issued, subscribed and fully paid | No. of Shares | Amount |
|---|---------------|--------|
| As at 1 April 2021  | 206,200,000   | 20,620 |
| Issue/Reduction, if any during the year                       | 43,800,000    | 4,380  |
| As at 31 March 2022   | 250,000,000   | 25,000 |
| Issue/Reduction, if any during the year                       | -             | -      |
| As at 31 March 2023   | 250,000,000   | 25,000 |

**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 |                    |
| At at 01 April 2021                                      | -                    | (5,003.34)         | -                                    | (5,003.34)         |
| Profit/(Loss) for the year                               | -                    | (3,268.71)         | -                                    | (3,268.71)         |
| Other comprehensive income for the year                  | -                    | 11.47              | -                                    | 11.47              |
| <b>Total Comprehensive Income for the year</b>           | -                    | <b>(3,257.24)</b>  | -                                    | <b>(3,257.24)</b>  |
| Transaction cost incurred on issue of shares             | -                    | -                  | -                                    | -                  |
| Final dividend for year ended 31 March 2021              | -                    | -                  | -                                    | -                  |
| Tax on final dividend for the year ended 31 March 2021   | -                    | -                  | -                                    | -                  |
| Interim dividend for year ended 31 March 2022            | -                    | -                  | -                                    | -                  |
| Tax on Interim dividend for the year ended 31 March 2022 | -                    | -                  | -                                    | -                  |
| <b>As at 31 March 2022</b>                               | -                    | <b>(8,260.58)</b>  | -                                    | <b>(8,260.58)</b>  |
| As at 01 April 2022                                      | -                    | (8,260.58)         | -                                    | (8,260.58)         |
| Profit/(Loss) for the year                               | -                    | (3,646.79)         | -                                    | (3,646.79)         |
| Other comprehensive income for the year                  | -                    | 10.39              | -                                    | 10.39              |
| <b>Total Comprehensive income for the year</b>           | -                    | <b>(3,636.40)</b>  | -                                    | <b>(3,636.40)</b>  |
| Transaction cost incurred on issue of shares             | -                    | -                  | -                                    | -                  |
| Final dividend for year ended 31 March 2022              | -                    | -                  | -                                    | -                  |
| Tax on final dividend for the year ended 31 March 2022   | -                    | -                  | -                                    | -                  |
| Interim dividend for year ended 31 March 2023            | -                    | -                  | -                                    | -                  |
| Tax on Interim dividend for the year ended 31 March 2023 | -                    | -                  | -                                    | -                  |
| <b>As at 31 March 2023</b>                               | -                    | <b>(11,896.98)</b> | -                                    | <b>(11,896.98)</b> |

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

*P. Kulkarni*

Purva Kulkarni  
Partner  
Membership No. 138855  
Date: 12th May 2023  
Pune.



*Prasan Firodia*

Prasan Firodia  
Director  
DIN : 00029664  
Date : 12th May 2023  
Pune.

*Tobias Ostermaier*

Tobias Ostermaier  
Director  
DIN : 09214149  
Date : 12th May 2023  
Pune.

*Pramod Vaidya*

Pramod Vaidya  
Chief Executive Officer  
Date : 12th May 2023  
Pune.

*Vijay Patil*

Vijay Patil  
Chief Financial Officer  
Date : 12th May 2023  
Pune.

*Piyush Lalwani*

Piyush Lalwani  
Company Secretary  
Date : 12th May 2023  
Pune.





Force MTU Power Systems Private Limited

Notes to Financial Statements for the year ended 31st March, 2023

Note 1. Property, Plant & Equipment and Capital Work-in-progress

₹ in Lakhs

| Particulars                  | Buildings | Plant, Machinery & Equipment | Furniture & Fixture | Office Equipment | Others Computer hardware | Total            | Capital Work in Progress | Right to use asset |
|------------------------------|-----------|------------------------------|---------------------|------------------|--------------------------|------------------|--------------------------|--------------------|
| Balance as at 1 April 2022   |           | 10,877.20                    | 79.69               | 11.83            | 307.11                   | 11,275.83        | -                        | 9,333.30           |
| Additions                    | -         | 878.21                       | -                   | 14.85            | 2.90                     | 895.96           | 1,005.48                 | -                  |
| Disposals / Adjustments      |           | -                            | -                   | -                | -                        | -                | 895.96                   | 74.82              |
| <b>As at 31st March 2023</b> | <b>-</b>  | <b>11,755.41</b>             | <b>79.69</b>        | <b>26.68</b>     | <b>310.01</b>            | <b>12,171.79</b> | <b>109.51</b>            | <b>9,258.48</b>    |
| <b>Depreciation</b>          |           |                              |                     |                  |                          |                  |                          |                    |
| As At 1st April, 2022        |           | 696.08                       | 11.06               | 2.22             | 101.89                   | 811.25           | -                        | 1,319.45           |
| Charge for the Year          |           | 722.51                       | 7.62                | 4.76             | 55.42                    | 790.32           | -                        | 926.99             |
| Assets written off/scrapped  |           | -                            | -                   | -                | -                        | -                | -                        | -                  |
| <b>As at 31st Mar 2023</b>   | <b>-</b>  | <b>1,418.59</b>              | <b>18.68</b>        | <b>6.98</b>      | <b>157.31</b>            | <b>1,601.56</b>  | <b>-</b>                 | <b>2,246.44</b>    |
| <b>Net Block</b>             |           |                              |                     |                  |                          |                  |                          |                    |
| Balance as at 1 April 2022   | -         | 10,181.13                    | 68.64               | 9.61             | 205.22                   | 10,464.60        | -                        | 8,013.85           |
| <b>As at 31st March 2023</b> | <b>-</b>  | <b>10,336.83</b>             | <b>61.02</b>        | <b>19.70</b>     | <b>152.70</b>            | <b>10,570.25</b> | <b>109.51</b>            | <b>7,012.04</b>    |

(i) The Company does not have any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) whose title deeds are not held in the name of the company.

(ii) For Depreciation, amortisation and security refer accounting policy Note 31.C.7

(iii) Refer Note - 31.C.9 on policies for Right-of-Use Assets

Notes to Financial Statements for the year ended 31st March, 2022

Note 1. Property, Plant & Equipment and Capital Work-in-progress

₹ in Lakhs

| Particulars                  | Buildings | Plant, Machinery & Equipment | Furniture & Fixture | Office Equipment | Others Computer | Total            | Capital Work in | Right to use asset |
|------------------------------|-----------|------------------------------|---------------------|------------------|-----------------|------------------|-----------------|--------------------|
| Balance as at 1 April 2021   |           | 10,784.77                    | 43.90               | 5.73             | 304.15          | 11,138.55        | 46.42           | 9,333.30           |
| Additions                    | -         | 92.43                        | 35.79               | 6.10             | 2.96            | 137.28           | 183.70          | -                  |
| Disposals / Adjustments      |           | -                            | -                   | -                | -               | -                | 230.12          | -                  |
| <b>As at 31st March 2022</b> | <b>-</b>  | <b>10,877.20</b>             | <b>79.69</b>        | <b>11.83</b>     | <b>307.11</b>   | <b>11,275.83</b> | <b>-</b>        | <b>9,333.30</b>    |
| <b>Depreciation</b>          |           |                              |                     |                  |                 |                  |                 |                    |
| As At 1st April, 2021        |           | 9.71                         | 4.51                | 0.36             | 47.24           | 61.82            | -               | 386.12             |
| Charge for the Year          |           | 686.37                       | 6.55                | 1.86             | 54.65           | 749.44           | -               | 933.33             |
| Assets written off/scrapped  |           | -                            | -                   | -                | -               | -                | -               | -                  |
| <b>As at 31st Mar 2022</b>   | <b>-</b>  | <b>696.08</b>                | <b>11.06</b>        | <b>2.22</b>      | <b>101.89</b>   | <b>811.26</b>    | <b>-</b>        | <b>1,319.45</b>    |
| <b>Net Block</b>             |           |                              |                     |                  |                 |                  |                 |                    |
| Balance as at 1 April 2021   | -         | 10,775.06                    | 39.39               | 5.37             | 256.91          | 11,076.73        | 46.42           | 8,947.18           |
| <b>As at 31st March 2022</b> | <b>-</b>  | <b>10,181.13</b>             | <b>68.64</b>        | <b>9.61</b>      | <b>205.22</b>   | <b>10,464.59</b> | <b>-</b>        | <b>8,013.85</b>    |

(i) The Company does not have any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) whose title deeds are not held in the name of the company.

(ii) For Depreciation, amortisation and security refer accounting policy Note 31.C.7

(iii) Refer Note - 31.C.9 on policies for Right-of-Use Assets

Ageing Schedule for Capital Work in progress(CWIP)

For Financial Year 2022-2023

| Particulars                     | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total  |
|---------------------------------|------------------|-----------|-----------|-------------------|--------|
| 1. Projects in Progress         | 109.51           | -         | -         | -                 | 109.51 |
| a) Plant & Machinery            | 56.87            | -         | -         | -                 | 56.87  |
| b) CWIP - Dies, Jigs & Fixtures | 52.65            | -         | -         | -                 | 52.65  |

For Financial Year 2021-2022

| Particulars                     | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---------------------------------|------------------|-----------|-----------|-------------------|-------|
| 1. Projects in Progress         | -                | -         | -         | -                 | -     |
| a) Plant & Machinery            | -                | -         | -         | -                 | -     |
| b) CWIP - Dies, Jigs & Fixtures | -                | -         | -         | -                 | -     |



**Force MTU Power Systems Private Limited**  
**Notes to the Financial Statements for year ended 31st March 2023**

Note 2 : Intangible Assets

₹ in Lakhs

| Particulars                  | Software      | Technical Know-how acquired | Total         | Intangible Assets under development |
|------------------------------|---------------|-----------------------------|---------------|-------------------------------------|
| Balance as at 1 April 2022   | 533.31        | 54.76                       | 588.06        | -                                   |
| Additions                    | 68.98         | -                           | 68.98         | 69.00                               |
| Disposals / Adjustments      | -             | -                           | -             | 69.00                               |
| <b>As at 31st March 2023</b> | <b>602.29</b> | <b>54.76</b>                | <b>657.04</b> | <b>-</b>                            |
| <b>Depreciation</b>          |               |                             |               |                                     |
| As at 31st March 2022        | 164.93        | 24.55                       | 189.48        | -                                   |
| For the year                 | 114.47        | 10.98                       | 125.45        | -                                   |
| Disposals                    | -             | -                           | -             | -                                   |
| <b>As at 31st March 2023</b> | <b>279.40</b> | <b>35.53</b>                | <b>314.93</b> | <b>-</b>                            |
| <b>Net Block</b>             |               |                             |               |                                     |
| As at 31st March 2022        | 368.38        | 30.21                       | 398.58        | -                                   |
| <b>Net Block</b>             |               |                             |               |                                     |
| <b>As at 31st March 2023</b> | <b>322.88</b> | <b>19.23</b>                | <b>342.11</b> | <b>-</b>                            |

(i) For Depreciation, amortisation and security refer accounting policy Note 31.C.8

**Force MTU Power Systems Private Limited**  
**Notes to the Financial Statements for year ended 31st March 2022**

Note 2 : Intangible Assets

₹ in Lakhs

| Particulars                  | Software      | Technical Know-how acquired | Total         | Intangible Assets under development |
|------------------------------|---------------|-----------------------------|---------------|-------------------------------------|
| Balance as at 1 April 2021   | 337.98        | 54.76                       | 392.74        | 147.29                              |
| Additions                    | 195.33        | -                           | 195.33        | 195.53                              |
| Disposals / Adjustments      | -             | -                           | -             | 342.82                              |
| <b>As at 31st March 2022</b> | <b>533.31</b> | <b>54.76</b>                | <b>588.06</b> | <b>-</b>                            |
| <b>Depreciation</b>          |               |                             |               |                                     |
| As at 31st March 2021        | 73.67         | 13.57                       | 87.24         | -                                   |
| For the year                 | 91.26         | 10.98                       | 102.24        | -                                   |
| Disposals                    | -             | -                           | -             | -                                   |
| <b>As at 31st March 2022</b> | <b>164.93</b> | <b>24.55</b>                | <b>189.48</b> | <b>-</b>                            |
| <b>Net Block</b>             |               |                             |               |                                     |
| As at 31st March 2021        | 264.31        | 41.19                       | 305.50        | 147.29                              |
| <b>Net Block</b>             |               |                             |               |                                     |
| <b>As at 31st March 2022</b> | <b>368.38</b> | <b>30.21</b>                | <b>398.58</b> | <b>-</b>                            |

(i) For Depreciation, amortisation and security refer accounting policy Note 31.C.8



24

**Force MTU Power Systems Private Limited**  
Notes to the Financial Statements

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

| Particulars  | ₹ in Lakhs             |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2023 | As at<br>31 March 2022 |
| Security deposits (Unsecured, considered good)     | 415.38                 | 386.83                 |
| Deposits with Govt-LT (Unsecured, considered good) | 25.39                  | 26.09                  |
| <b>Total</b>                                       | <b>440.77</b>          | <b>412.92</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.



# Force MTU Power Systems Private Limited

## Notes to the Financial Statements

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

₹ in Lakhs

| Particulars                            | As at         |               |
|--|---------------|---------------|
|  | 31 March 2023 | 31 March 2022 |
| Tax Paid in Advance (Net of Provision) | 1.16          | 6.69          |
| <b>Total</b>                           | <b>1.16</b>   | <b>6.69</b>   |



**Force MTU Power Systems Private Limited**

Notes to the Financial Statements

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

₹ in Lakhs

| Particulars      | As at           | As at           |
|------------------|-----------------|-----------------|
|                  | 31 March 2023   | 31 March 2022   |
| Capital advances | 1,301.27        | 1,542.32        |
| <b>Total</b>     | <b>1,301.27</b> | <b>1,542.32</b> |



29.

**Force MTU Power Systems Private Limited**  
Notes to the Financial Statements

**Note 6 : Inventories**

| Particulars                  | ₹ in Lakhs             |                        |
|------------------------------|------------------------|------------------------|
|                              | As at<br>31 March 2023 | As at<br>31 March 2022 |
| <b>Raw materials</b>         |                        |                        |
| Raw materials and components | 10,813.61              | 10,392.01              |
| Raw materials in transit     | 3,414.69               | 165.16                 |
| <br>                         |                        |                        |
| Work-in-progress             | 81.83                  | 19.91                  |
| Finished goods               | 278.04                 | 540.06                 |
| Traded goods                 | -                      | -                      |
| Stores and spares            | 1.60                   | 0.07                   |
| <br>                         |                        |                        |
| <b>Total</b>                 | <b>14,589.77</b>       | <b>11,117.21</b>       |

Inventories written down to net realisable value during the year ended 31st March 2023 ₹ 39.50 (31st March 2022 Rs 9.94) were recognised as an expense in the statement of Profit & Loss during the year.

Refer Note 14 for information on inventory hypothecation with bankers for the purpose of Working Capital facilities.



25

## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

#### Note 7 : Trade receivables

₹ in Lakhs

| Particulars   | As at           | As at           |
|---|-----------------|-----------------|
|   | 31 March 2023   | 31 March 2022   |
| <b>Total Trade Receivables</b>                                      |                 |                 |
| Trade receivables   | 6,580.07        | 2,312.52        |
| <b>Break-up for security details:</b>                               |                 |                 |
| Secured, considered good  | -               | -               |
| Unsecured, considered good  | 6,580.07        | 2,312.52        |
| Doubtful  | -               | -               |
| Loss Allowance (for expected credit loss under simplified approach) | -               | -               |
| <b>Total</b>  | <b>6,580.07</b> | <b>2,312.52</b> |

Trade receivable which have significant increase in credit risk: ₹ NIL (₹ NIL in FY 2021-22)

Trade receivable - credit impaired : ₹ NIL (₹ NIL in FY 2021-22)

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, 2023 (₹ NIL as on 31 March, 2022). Refer Note 31 (D) (2) for terms and conditions related to Related party receivables.

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.



28

**Force MTU Power System Private Limited**

**Notes to Financial Statements for the year ended 31st March 2023**

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note No.7 (a) : Trade Receivables ageing Schedule:**

| As on 31st March 2023 |  |                   |          |                 |  |                    |             |             |           |                   |
|-----------------------|--|-------------------|----------|-----------------|--|--------------------|-------------|-------------|-----------|-------------------|
| Sr. No.               | Particulars  | Total Receivables | Unbilled | Not due         | Outstanding for following periods from due date of payment |                    |             |             |           |                   |
|                       |  |                   |          |                 | < 6 months   | 6 months to 1 year | 1 - 2 years | 2 - 3 years | > 3 years | Total outstanding |
|                       |  | 1=2+3+9           | 2        | 3               | 4  | 5                  | 6           | 7           | 8         | 9=4 to 8          |
| a)                    | Undisputed Trade Receivables                       |                   |          |                 |  |                    |             |             |           |                   |
|                       | i) considered good                                 | 6,580.07          |          | 6,135.22        | 338.38   | 106.47             | -           | -           | -         | 444.85            |
|                       | ii) which have significant increase in credit risk |                   |          |                 |  |                    |             |             |           | -                 |
|                       | iii) credit impaired                               |                   |          |                 |  |                    |             |             |           | -                 |
| b)                    | Disputed Trade Receivables                         |                   |          |                 |  |                    |             |             |           |                   |
|                       | i) considered good                                 |                   |          |                 |  |                    |             |             |           | -                 |
|                       | ii) which have significant increase in credit risk |                   |          |                 |  |                    |             |             |           | -                 |
|                       | iii) credit impaired                               |                   |          |                 |  |                    |             |             |           | -                 |
|                       | <b>Sub Total</b>                                   | <b>6,580.07</b>   | <b>-</b> | <b>6,135.22</b> | <b>338.38</b>  | <b>106.47</b>      | <b>-</b>    | <b>-</b>    | <b>-</b>  | <b>444.85</b>     |
|                       | <b>Less: Provision for doubtful debts</b>          | <b>-</b>          | <b>-</b> | <b>-</b>        | <b>-</b>   | <b>-</b>           | <b>-</b>    | <b>-</b>    | <b>-</b>  | <b>-</b>          |
|                       | <b>Total Trade Receivables</b>                     | <b>6,580.07</b>   | <b>-</b> | <b>6,135.22</b> | <b>338.38</b>  | <b>106.47</b>      | <b>-</b>    | <b>-</b>    | <b>-</b>  | <b>444.85</b>     |

| As on 31st March 2022 |  |                   |          |               |  |                    |             |             |           |                 |
|-----------------------|--|-------------------|----------|---------------|--|--------------------|-------------|-------------|-----------|-----------------|
| Sr. No.               | Particulars  | Total Receivables | Unbilled | Not due       | Outstanding for following periods from due date of payment |                    |             |             |           |                 |
|                       |  |                   |          |               | < 6 months   | 6 months to 1 year | 1 - 2 years | 2 - 3 years | > 3 years | Total           |
|                       |  | 1=2+3+9           | 2        | 3             | 4  | 5                  | 6           | 7           | 8         | 9=4 to 8        |
| a)                    | Undisputed Trade Receivables                       |                   |          |               |  |                    |             |             |           |                 |
|                       | i) considered good                                 | 2,312.52          |          | 309.80        | 2,000.80   | -                  | 1.92        | -           | -         | 2,002.72        |
|                       | ii) which have significant increase in credit risk |                   |          |               |  |                    |             |             |           | -               |
|                       | iii) credit impaired                               |                   |          |               |  |                    |             |             |           | -               |
| b)                    | Disputed Trade Receivables                         |                   |          |               |  |                    |             |             |           |                 |
|                       | i) considered good                                 |                   |          |               |  |                    |             |             |           | -               |
|                       | ii) which have significant increase in credit risk |                   |          |               |  |                    |             |             |           | -               |
|                       | iii) credit impaired                               |                   |          |               |  |                    |             |             |           | -               |
|                       | <b>Sub Total</b>                                   | <b>2,312.52</b>   | <b>-</b> | <b>309.80</b> | <b>2,000.80</b>  | <b>-</b>           | <b>1.92</b> | <b>-</b>    | <b>-</b>  | <b>2,002.72</b> |
|                       | <b>Less: Provision for doubtful debts</b>          | <b>-</b>          | <b>-</b> | <b>-</b>      | <b>-</b>   | <b>-</b>           | <b>-</b>    | <b>-</b>    | <b>-</b>  | <b>-</b>        |
|                       | <b>Total Trade Receivables</b>                     | <b>2,312.52</b>   | <b>-</b> | <b>309.80</b> | <b>2,000.80</b>  | <b>-</b>           | <b>1.92</b> | <b>-</b>    | <b>-</b>  | <b>2,002.72</b> |



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# 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 2023 | 31 March 2022 |
| <b>Balance with Bank</b>                                   |               |               |
| Current accounts and debit balance in cash credit accounts | 482.65        | 306.46        |
| Deposits with original maturity of less than 3 months      | -             | -             |
| Cash on hand   |               |               |
| <b>Total</b>   | <b>482.65</b> | <b>306.46</b> |



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## Force MTU Power Systems Private Limited

Notes to the Financial Statements

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

₹ in Lakhs

| Particulars      | As at         | As at         |
|------------------|---------------|---------------|
|                  | 31 March 2023 | 31 March 2022 |
| Derivative Asset | 688.40        | 287.27        |
| Others           | 169.48        | -             |
| <b>Total</b>     | <b>857.88</b> | <b>287.27</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 11 : Other current assets

| Particulars          | ₹ in Lakhs             |                        |
|----------------------|------------------------|------------------------|
|                      | As at<br>31 March 2023 | As at<br>31 March 2022 |
| Advance to suppliers | 2,731.78               | 1,290.53               |
| GST receivable (Net) | 2,983.78               | 2,287.67               |
| Prepaid expenses     | 34.22                  | 33.48                  |
| <b>Total</b>         | <b>5,749.78</b>        | <b>3,611.68</b>        |



26

## 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 |
|-------------------------------------|---------------|------------|
| At 1 April 2021                     | 250,000,000   | 25,000.00  |
| Increase/(decrease) during the year |               |            |
| At 31 March 2022                    | 250,000,000   | 25,000.00  |
| Increase/(decrease) during the year |               |            |
| At 31 March 2023                    | 250,000,000   | 25,000.00  |

#### 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 |
|-------------------------------------|---------------|------------|
| At 1 April 2021                     | 206,200,000   | 20,620.00  |
| Increase/(decrease) during the year | 43,800,000    | 4,380.00   |
| At 31 March 2022                    | 250,000,000   | 25,000.00  |
| Increase/(decrease) during the year |               |            |
| At 31 March 2023                    | 250,000,000   | 25,000.00  |

#### Subscribed and fully paid up

Equity shares of ₹ 10 each

| Particulars                         | No. of shares | ₹ in Lakhs |
|-------------------------------------|---------------|------------|
| At 1st April 2021                   | 206,200,000   | 20,620.00  |
| Increase/(decrease) during the year | 43,800,000    | 4,380.00   |
| At 31 March 2022                    | 250,000,000   | 25,000.00  |
| Increase/(decrease) during the year |               |            |
| At 31 March 2023                    | 250,000,000   | 25,000.00  |

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 | Rolls Royce Solutions GmbH (Formerly known as MTU Friedrichshafen GmbH) |
|-------------------------|----------------------|---|
| At 31 March 2022        |                      |   |
| No. of Shares           | 127,500,000          | 122,500,000   |
| % of Shareholding       | 51%                  | 49%   |
| At 31 March 2023        |                      |   |
| No. of Shares           | 127,500,000          | 122,500,000   |
| % of Shareholding       | 51%                  | 49%   |

| Shares held by Promoters as at 31st March 2022 |  |                    |                   | % change during the year |
|--|--|--------------------|-------------------|--------------------------|
| Sr No  | Promoter Name  | No of shares       | % of total shares |                          |
| 1  | Force Motors Limited   | 127,500,000        | 51%               | 21.24%                   |
| 2  | Rolls Royce Solutions GmbH(formerly known as MTU Friedrichshafen GmbH) | 122,500,000        | 49%               | 21.24%                   |
|  | <b>Total</b>   | <b>250,000,000</b> | <b>100%</b>       |                          |

| Shares held by Promoters as at 31st March 2023 |  |                    |                   | % change during the year |
|--|--|--------------------|-------------------|--------------------------|
| Sr No  | Promoter Name  | No of shares       | % of total shares |                          |
| 1  | Force Motors Limited   | 127,500,000        | 51%               | -                        |
| 2  | Rolls Royce Solutions GmbH(formerly known as MTU Friedrichshafen GmbH) | 122,500,000        | 49%               | -                        |
|  | <b>Total</b>   | <b>250,000,000</b> | <b>100%</b>       |                          |



# Force MTU Power Systems Private Limited

## Notes to the Financial Statements

### Note 13 : Other Equity

₹ in Lakhs

| Particulars                                  | As at<br>31 March 2023 | As at<br>31 March 2022 |
|--|------------------------|------------------------|
| <b>General Reserve</b>                       |                        |                        |
| Opening Balance                              | -                      | -                      |
| Add : Transferred during the year            | -                      | -                      |
| <b>Closing Balance</b>                       | -                      | -                      |
| <b>Retained Earnings</b>                     |                        |                        |
| Opening Balance                              | (8,260.58)             | (5,003.34)             |
| Add : Profit for the year                    | (3,646.79)             | (3,268.71)             |
| Add : Other Comprehensive income/(Loss)      | 10.39                  | 11.47                  |
| Less : Appropriations                        |                        |                        |
| Transferred to General reserve               |                        |                        |
| Transaction cost incurred on issue of shares | -                      | -                      |
|  | <b>(11,896.98)</b>     | <b>(8,260.58)</b>      |
| <b>Total</b>                                 | <b>(11,896.98)</b>     | <b>(8,260.58)</b>      |



## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

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

₹ in Lakhs

| Particulars                    | As at<br>31 March 2023 | As at<br>31 March 2022 |
|--------------------------------|------------------------|------------------------|
| <b>Secured loans from bank</b> |                        |                        |
| Foreign currency term loan     | 4,664.53               | 5,759.67               |
| <b>Total</b>                   | <b>4,664.53</b>        | <b>5,759.67</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 7520.24 Lakhs to be repaid in 20 equal quarterly installments of INR 376.01 Lakhs each starting from June 2022 at rate of interest 3.61% p.a.

During the year ,company has availed additional USD loan of USD 0.97 Lakh and has swapped the same against Euro Loan of Euro 0.92 Lakhs which is converted into functional currency. The company has availed moratorium of 12 months from the SCOD. Accordingly company has started repaying loan from FY 22-23.

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

Borrowings from banks have been utilized for the specific purpose for which it were taken.

The Company has not been declared as wilful defaulter by any bank

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

| Period                                 | As at 31 March<br>2023 | As at 31 March 2022 |
|--|------------------------|---------------------|
| Upto Three Months                      | 376.01                 | 207.16              |
| More than Three Months Up to One Year  | 1,128.04               | 1,052.96            |
| More than One Year Up to Three Years   | 3,008.10               | 4,211.88            |
| More than Three Years Up to Five Years | 1,656.43               | 1,547.79            |
| More than Five Years                   | -                      | -                   |



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# Force MTU Power Systems Private Limited

## Notes to the Financial Statements

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

₹ in Lakhs

| Particulars   | As at<br>31 March 2023 | As at<br>31 March 2022 |
|---|------------------------|------------------------|
| <b>Deferred Tax Assets</b>                                      |                        |                        |
| Tax losses  | 4,150.93               | 2,702.33               |
| Disallowances u/s 43 B of Income Tax Act                        | 16.41                  | 13.02                  |
| Defined benefit obligations                                     | 11.67                  | 10.29                  |
| Amortisation of preliminary expenses U/s 35D                    | 0.05                   | 0.10                   |
| Right to use Asset  | 317.00                 | 193.30                 |
| Exchange loss difference on asset purchased in foreign currency | 4.86                   | (2.02)                 |
| <b>Less : Deferred Tax Liability</b>                            |                        |                        |
| Depreciation  | 712.34                 | 492.52                 |
| MTM (loss)/Gain   | 178.98                 | 74.68                  |
| <b>Total</b>  | <b>3,609.60</b>        | <b>2,349.82</b>        |

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

| Particulars  | 31 March 2023   | 31 March 2022   |
|--|-----------------|-----------------|
| Opening balance as at 1st April  | 2,349.82        | 1,254.04        |
| Tax income/(expense) during the year recognised in profit or loss        | 1,263.42        | 1,099.80        |
| Tax income/(expense) during the year recognised in profit or loss in OCI | (3.64)          | (4.03)          |
| <b>Closing balance as at 31st March</b>                                  | <b>3,609.60</b> | <b>2,349.82</b> |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax is measured on temporary differences at the rate of 26.00% (Refer note 30).



## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

#### Note 16 : Long-term provisions

| Particulars                            | ₹ in Lakhs             |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2023 | As at<br>31 March 2022 |
| <b>Provision for employee benefits</b> |                        |                        |
| Provision for gratuity                 | 43.92                  | 39.15                  |
| Provision for leave encashment         | 56.16                  | 46.28                  |
| <b>Total</b>                           | <b>100.08</b>          | <b>85.43</b>           |

Refer note. No. 21 on short -term provisions





## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

#### Note 17 : Borrowings (Current)

₹ in Lakhs

| Particulars                         | As at           |                 |
|-------------------------------------|-----------------|-----------------|
|                                     | 31 March 2023   | 31 March 2022   |
| <b>Secured loans from bank</b>      |                 |                 |
| Cash Credit                         | 4,935.42        | 1,747.89        |
| Current maturity of long terms debt | 1,504.05        | 1,260.13        |
| <b>Total</b>                        | <b>6,439.47</b> | <b>3,008.02</b> |

Borrowings are measured at amortised cost.

Company's fund and non fund based working capital facilities of INR 7,500.00 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 2,064.58 Lakhs.

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

The company has not been declared as willful defaulter by any bank.

Borrowings from banks have been utilized for the specific purpose for which it were taken.

The quarterly returns or statement of current assets filled by the company with banks are in agreement with the books of accounts of the company



## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

#### Note 18 : Trade and other payables

₹ in Lakhs

| Particulars   | As at            | As at           |
|---|------------------|-----------------|
|   | 31 March 2023    | 31 March 2022   |
| Due to micro, small and medium enterprises            | 192.02           | 119.42          |
| Due to other than micro, small and medium enterprises | 16,708.79        | 5,785.64        |
| <b>Total</b>  | <b>16,900.81</b> | <b>5,905.06</b> |

Trade and other payables are measured at amortised cost.

Due to Mico, Small and Medium Entrprises includes provision for Interest to MSME of 6.02 Lakhs (3.74 Lakhs in FY 2021-22)

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).



**Force MTU Power System Private Limited**

**Notes to Financial Statements for the year ended 31st March 2023**

(All amounts in ₹ Lakhs, unless otherwise stated)

**Trade Payables**

|   | As at 31<br>March 2023 | As at 31<br>March 2022 |
|---|------------------------|------------------------|
| (A) Total outstanding dues of Micro and Small enterprises         | 192.02                 | 119.42                 |
| (B) Total outstanding dues other than Micro and Small enterprises | 16,708.79              | 5,785.63               |
| <b>Total Trade Payables</b>                                       | <b>16,900.81</b>       | <b>5,905.06</b>        |

**Trade Payables aging Schedule: -**

| As on 31st March 2023    |               |                 |  |                 |                 |               |                  |
|--------------------------|---------------|-----------------|--|-----------------|-----------------|---------------|------------------|
| Particulars              | Unbilled Dues | Not due         | Outstanding for following periods from due date of payment |                 |                 |               | Total            |
|                          |               |                 | <1 year  | 1 - 2 years     | 2 - 3 years     | >3 years      |                  |
| (a) MSME                 | -             | 186.00          | 2.27   | 0.94            | 2.22            | 0.59          | 192.02           |
| (b) Others               |               | 5,061.31        | 6,419.64   | 1,598.59        | 3,077.70        | 551.54        | 16,708.79        |
| (c) Disputed dues - MSME |               |                 |  |                 |                 |               | -                |
| (d) Disputed dues - MSME |               |                 |  |                 |                 |               | -                |
| <b>TOTAL</b>             | <b>-</b>      | <b>5,247.31</b> | <b>6,421.91</b>  | <b>1,599.53</b> | <b>3,079.92</b> | <b>552.13</b> | <b>16,900.81</b> |

| As on 31st March 2022      |               |               |  |                 |               |          |                 |
|----------------------------|---------------|---------------|--|-----------------|---------------|----------|-----------------|
| Particulars                | Unbilled Dues | Not due       | Outstanding for following periods from due date of payment |                 |               |          | Total           |
|                            |               |               | <1 year  | 1 - 2 years     | 2 - 3 years   | >3 years |                 |
| (a) MSME                   | -             | 112.49        | 3.74   | 2.60            | 0.59          | -        | 119.42          |
| (b) Others                 | 444.51        | 492.47        | 1,668.21   | 2,692.44        | 488.00        | -        | 5,785.63        |
| (c) Disputed dues - MSME   |               |               |  |                 |               |          | -               |
| (d) Disputed dues - Others |               |               |  |                 |               |          | -               |
| <b>TOTAL</b>               | <b>444.51</b> | <b>604.96</b> | <b>1,671.96</b>  | <b>2,695.04</b> | <b>488.59</b> | <b>-</b> | <b>5,905.06</b> |



## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

#### Note 18a : Other financial liabilities (Non current )

₹ in Lakhs

| Particulars     | As at           | As at           |
|-----------------|-----------------|-----------------|
|                 | 31 March 2023   | 31 March 2022   |
| Lease Liability | 7,082.43        | 7,655.94        |
| <b>Total</b>    | <b>7,082.43</b> | <b>7,655.94</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(12) for fair value hierarchy.

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

| Particulars               | ₹ in Lakhs             |                        |
|---------------------------|------------------------|------------------------|
|                           | As at<br>31 March 2023 | As at<br>31 March 2022 |
| Lease Liability (current) | 500.60                 | 389.80                 |
| <b>Total</b>              | <b>500.60</b>          | <b>389.80</b>          |



## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

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

| Particulars                   | ₹ in Lakhs             |                        |
|-------------------------------|------------------------|------------------------|
|                               | As at<br>31 March 2023 | As at<br>31 March 2022 |
| Payable for capital purchases | 611.44                 | 295.54                 |
| Employee benefits payable     | 69.48                  | 58.04                  |
| Derivative liability          | -                      | -                      |
| Other                         | 7.25                   | 0.08                   |
| <b>Total</b>                  | <b>688.17</b>          | <b>353.66</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.



**Force MTU Power Systems Private Limited**  
Notes to the Financial Statements

**Note 20 : Other Current liabilities**

₹ in Lakhs

| Particulars   | As at           |               |
|---|-----------------|---------------|
|   | 31 March 2023   | 31 March 2022 |
| Advance from customers  | 1,194.79        | 39.72         |
| Statutory dues including provident fund<br>and tax deducted at source | 231.44          | 707.70        |
| Others  | 10.16           | 10.15         |
| <b>Total</b>  | <b>1,436.39</b> | <b>757.57</b> |



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# Force MTU Power Systems Private Limited

## Notes to the Financial Statements

### Note 21 : Short-term provisions

₹ in Lakhs

| Particulars                            | ₹ in Lakhs             |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2023 | As at<br>31 March 2022 |
| <b>Provision for employee benefits</b> |                        |                        |
| Provision for gratuity                 | 0.95                   | 0.43                   |
| Provision for compensated absence      | 6.97                   | 3.81                   |
| <b>Others</b>                          |                        |                        |
| Warranty Provision                     | 723.44                 | 165.10                 |
| <b>Total</b>                           | <b>731.36</b>          | <b>169.34</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 2021</b>       | <b>8.82</b>   |
| Arising during the year (Net) | 158.38        |
| Utilised                      | (2.10)        |
| Unused amount reversed        |               |
| <b>At 31 March 2022</b>       | <b>165.10</b> |
| Arising during the year (Net) | 561.82        |
| Utilised                      | (3.48)        |
| Unused amount reversed        | -             |
| <b>At 31 March 2023</b>       | <b>723.44</b> |

#### b. Breakup of Warranty Provisions

| Particulars  | ₹ in Lakhs             |                        |
|--------------|------------------------|------------------------|
|              | As at 31 March<br>2023 | As at 31 March<br>2022 |
| Current      | 723.44                 | 165.10                 |
| Non-current  | -                      | -                      |
| <b>Total</b> | <b>723.44</b>          | <b>165.10</b>          |





# Force MTU Power Systems Private Limited

## Notes to the Financial Statements

### Note 22 : Revenue from operations

₹ in Lakhs

| Particulars                                       | 2022-23          | 2021-22         |
|---|------------------|-----------------|
| <b>Sales of products (Refer note 31 (D) (4) )</b> | <b>23,145.36</b> | <b>7,814.91</b> |
| Sale of products                                  | 23,004.02        | 7,812.43        |
| Sale of services                                  | 141.34           | 2.48            |
| <b>Operating income</b>                           | <b>15.33</b>     | <b>14.49</b>    |
| Sale of scrap                                     | 15.33            | 6.33            |
| Export incentives                                 | -                | -               |
| Provisions no longer required written back        | -                | 8.16            |
| <b>Total</b>                                      | <b>23,160.69</b> | <b>7,829.40</b> |

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



## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

#### Note 23 : Other income

₹ in Lakhs

| Particulars   | 2022-23       | 2021-22       |
|---|---------------|---------------|
| <b>Interest income on financial assets measured at amortised cost</b> | <b>35.57</b>  | <b>38.91</b>  |
| -On Bank Deposits   | -             | 1.71          |
| -Unwinding of interest on security deposits                           | 34.63         | 35.17         |
| -On Income tax refund   | 0.04          | 2.03          |
| -On Security Deposit  | 0.90          | -             |
| Net Gain on change in lease Liability                                 | -             | -             |
| Exchange Gain on transaction of asset & liabilities                   | 56.02         | 374.84        |
| Income from investment property                                       |               |               |
| Miscellaneous income  | 19.12         | 24.30         |
| <b>Total</b>  | <b>110.71</b> | <b>438.05</b> |



## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

#### Note 24 : Cost of raw materials and components consumed

₹ in Lakhs

| Particulars                           | 2022-23          | 2021-22         |
|---------------------------------------|------------------|-----------------|
| Raw materials and components consumed | 20,909.48        | 6,737.02        |
| <b>Total</b>                          | <b>20,909.48</b> | <b>6,737.02</b> |



## Force MTU Power Systems Private Limited

Notes to the Financial Statements

### Note 25 : Changes in inventories of finished goods, work-in-progress and traded goods

| Particulars              | ₹ in Lakhs    |                 |
|--------------------------|---------------|-----------------|
|                          | 2022-23       | 2021-22         |
| Opening inventory        | 559.97        | 428.10          |
| Work-in-process          | 19.91         | 397.10          |
| Finished goods           | 540.06        | 31.00           |
| Traded goods             | -             | -               |
| <b>Closing Inventory</b> | <b>359.87</b> | <b>559.97</b>   |
| Work-in-process          | 81.83         | 19.91           |
| Finished goods           | 278.04        | 540.06          |
| Traded goods             | -             | -               |
| <b>Total</b>             | <b>200.10</b> | <b>(131.87)</b> |



## Force MTU Power Systems Private Limited

### Notes to the Financial Statements

#### Note 26 : Employee benefits expense

₹ in Lakhs

| Particulars  | 2022-23         | 2021-22       |
|--|-----------------|---------------|
| Salaries, wages, bonus, commission, etc.             | 921.01          | 726.94        |
| Gratuity and Leave encashment (Ref note 31 (D) (1) ) | 41.91           | 19.28         |
| Welfare and training expenses                        | 24.17           | 15.49         |
| Contribution to provident and other funds            | 42.35           | 35.51         |
| <b>Total</b>   | <b>1,029.44</b> | <b>797.22</b> |



# Force MTU Power Systems Private Limited

## Notes to the Financial Statements

### Note 27 : Finance costs

₹ in Lakhs

| Particulars                 | 2022-23         | 2021-22         |
|-----------------------------|-----------------|-----------------|
| Interest Expenses           | 519.19          | 219.73          |
| Interest on Lease Liability | 751.50          | 814.25          |
| <b>Total</b>                | <b>1,270.69</b> | <b>1,033.98</b> |



## Force MTU Power Systems Private Limited

Notes to the Financial Statements

### Note 28 : Depreciation and amortization expense

₹ in Lakhs

| Particulars                                  | 2022-23         | 2021-22         |
|--|-----------------|-----------------|
| <b>Depreciation and amortization expense</b> | <b>1,842.76</b> | <b>1,785.01</b> |
| Depreciation on Tangible assets & ROU Asset  | 1,717.31        | 1,682.77        |
| Amortization on Intangible assets            | 125.45          | 102.24          |
| <b>Total</b>                                 | <b>1,842.76</b> | <b>1,785.01</b> |



49

# Force MTU Power Systems Private Limited

## Notes to the Financial Statements

### Note 29 : Other Expenses

| Particulars                                    | ₹ in Lakhs      |                 |
|--|-----------------|-----------------|
|  | 2022-23         | 2021-22         |
| <b>Manufacturing expenses</b>                  | <b>538.79</b>   | <b>251.97</b>   |
| Power and fuel                                 | 191.77          | 127.30          |
| Labour charges                                 | 68.24           | 35.31           |
| Others manufacturing expenses                  | 278.78          | 89.36           |
| <b>Selling expenses</b>                        | <b>767.12</b>   | <b>221.86</b>   |
| Commission                                     | -               | -               |
| Freight and forwarding                         | -               | -               |
| Travelling and conveyance                      | 78.98           | 37.50           |
| Advertisement and publicity                    | 1.85            | 1.53            |
| Provision for doubtful debts (net)             | -               | -               |
| Warranty Expenses                              | 561.82          | 158.38          |
| Others selling expenses                        | 40.71           | 1.91            |
| Royalty Expenses                               | 83.76           | 22.54           |
| <b>Administration expenses</b>                 | <b>1,623.23</b> | <b>1,940.77</b> |
| Rent   | 32.52           | 34.05           |
| Rates and taxes                                | 100.54          | 10.58           |
| Insurance                                      | 77.32           | 60.59           |
| Repairs to building                            | -               | -               |
| Repairs and maintenance                        | 86.93           | 70.17           |
| Assets written off                             | -               | -               |
| Electricity charges                            | 15.59           | 15.63           |
| Travelling and conveyance                      | -               | -               |
| Communication expenses                         | 6.38            | 2.93            |
| Printing and stationery                        | 6.70            | 9.14            |
| Professional charges *                         | 1,240.72        | 1,666.48        |
| Bank charges                                   | 13.62           | 6.79            |
| Auditor's remuneration (Refer Note 31 (D) (7)) | 1.50            | 2.02            |
| Miscellaneous expenses                         | 41.41           | 62.39           |
| Loss on Exchange difference (Net)              | -               | -               |
| <b>Total</b>                                   | <b>2,929.14</b> | <b>2,414.60</b> |

\* For Terms & condition with related parties refer note 31 D 2





## 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 2023 and 31 March 2022. 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  | 2022-23           | 2021-22           |
|--|-------------------|-------------------|
| <b>Current tax</b>   | -                 | -                 |
| Current income tax   | -                 | -                 |
| (Excess)/short provision related to earlier years                      | -                 | -                 |
| <b>Deferred tax</b>  | <b>(1,263.42)</b> | <b>(1,099.80)</b> |
| Relating to origination and reversal or temporary difference           | (1,263.42)        | (1,099.80)        |
| <b>Income tax expense reported in the statement of profit and loss</b> | <b>(1,263.42)</b> | <b>(1,099.80)</b> |

#### Other Comprehensive Income (OCI)

| Particulars  | 2022-23     | 2021-22     |
|--|-------------|-------------|
| <b>Deferred tax related to items recognised in OCI during the year</b> |             |             |
| Net loss/(gain) on actuarial gains and losses                          | 3.65        | 4.03        |
| <b>Deferred tax charged to OCI</b>                                     | <b>3.65</b> | <b>4.03</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 2023 and 31 March 2022.

| Particulars   | 2022-23           | 2021-22           |
|---|-------------------|-------------------|
| <b>Accounting profit before income tax expense</b>                          | <b>(4,910.18)</b> | <b>(4,368.51)</b> |
| <b>Tax @ 26.00% (31 March 2022 : 26.00%)</b>                                | <b>(1,276.65)</b> | <b>(1,135.81)</b> |
| <b>Tax effect of adjustments in calculating taxable income:</b>             | <b>13.22</b>      | <b>36.01</b>      |
| Permanent disallowances   | 16.85             | 13.41             |
| DTA reversal on tax loss  | 12.12             | 23.76             |
| Others  | -                 | (0.01)            |
| (Excess)/short provision related to earlier years                           | (15.75)           | (1.15)            |
| <b>At the effective income tax rate of 25.73 % (31 March 2022 : 25.18%)</b> | <b>(1,263.43)</b> | <b>(1,099.80)</b> |



2 Related party transactions

(a) Related parties and their relationship

(i) Where control exists:

| Joint Venturer |   |
|----------------|---|
| i              | Rolls Royce Solutions GmbH<br>(Formerly 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  
Rolls-Royce Solution America

| Key management personnel |   |
|--------------------------|---|
| i                        | Abhaykumar Firodia, Director                              |
| ii                       | Prasan Firodia, Director                                  |
| iii                      | Prashant Inamdar, Director                                |
| iv                       | Tobias Ostermaier, Director                               |
| v                        | Petar Pelemis, Director up to 29th Sept-2022              |
| vi                       | Erik Manning, Director w.e.f 29th Sept-2022               |
| vii                      | Kishore Jayaraman, Director                               |
| viii                     | Pramod Vaidya, Chief Executive Officer                    |
| ix                       | Dinesh Patil, Chief Financial Officer up to 6th Sept-2022 |
| x                        | Vijay Patil, Chief Financial Officer w.e.f 6th Sept-2022  |
| xi                       | Niraj Tripathi, Company Secretary up to 19th Jan-2023     |
| xii                      | Piyush Lalwani, Company Secretary w.e.f 23rd Feb-2023     |

| II   | Transactions with related party (including Taxes)         | Transaction value                                   |                      | Closing balance                                     |                      |
|------|---|---|----------------------|---|----------------------|
|      |   | For the period from April 1, 2022 to March 31, 2023 | As at March 31, 2023 | For the period from April 1, 2021 to March 31, 2022 | As at March 31, 2022 |
| i    | <b>Issue of Shares</b>                                    |   |                      |   |                      |
|      | Force Motors Limited                                      | -   | -                    | 2,233.80  | -                    |
|      | Rolls-Royce Solutions GmbH                                | -   | -                    | 2,146.20  | -                    |
| ii   | <b>Purchase of Capital Goods</b>                          |   |                      |   |                      |
|      | Force Motors Limited                                      | -   | -                    | 11.00   | -                    |
|      | Rolls-Royce Solutions GmbH                                | 123.64  | 51.85                | -   | -                    |
| iii  | <b>Purchase of Services (Capital Nature)</b>              |   |                      |   |                      |
|      | Rolls-Royce Solutions GmbH                                | -   | -                    | -   | -                    |
|      | Force Motors Limited                                      | -   | -                    | -   | -                    |
| iv   | <b>Purchase of Goods</b>                                  |   |                      |   |                      |
|      | Rolls-Royce Solutions GmbH                                | 3,732.31  | 6,688.44             | 2,117.61  | 2,956.03             |
|      | MTU India Private Limited                                 | -   | -                    | -   | -                    |
| v    | <b>Purchase of services</b>                               |   |                      |   |                      |
|      | Force Motors Limited                                      | 247.31  | 1,656.09             | 655.88  | 1,449.97             |
| vi   | <b>Traning expenses</b>                                   |   |                      |   |                      |
|      | Force Motors Limited                                      | -   | -                    | -   | -                    |
| vii  | <b>Consultancy charges</b>                                |   |                      |   |                      |
|      | Rolls-Royce Solutions GmbH                                | 235.48  | 695.24               | 483.31  | 483.31               |
|      | MTU India Private Limited                                 | 533.34  | 257.06               | 707.97  | 252.95               |
| viii | <b>Reimbursement of expenses</b>                          |   |                      |   |                      |
|      | Rolls-Royce Solutions GmbH                                | 24.54   | 99.41                | 76.88   | 76.88                |
|      | Force Motors Limited                                      | 1.03  | 1.03                 | 4.72  | 4.72                 |
| ix   | <b>Purchase of drawing and design</b>                     |   |                      |   |                      |
|      | Force Motors Limited                                      | -   | -                    | -   | -                    |
| x    | <b>Sale of Goods</b>                                      |   |                      |   |                      |
|      | MTU India Private Limited                                 | 0.90  | (55.42)              | 10.35   | 10.35                |
|      | Rolls-Royce Solution America Inc                          | 6,426.96  | 1,570.28             | 1,684.23  | 1,150.69             |
|      | Rolls-Royce Solutions GmbH                                | 11,458.02   | 3,577.75             | 5,079.55  | 1,269.85             |
|      | MTU Asia Pte. Ltd   | (1.92)  | -                    | -   | 1.92                 |
| xi   | <b>Royalty</b>  |   |                      |   |                      |
|      | Rolls-Royce Solutions GmbH                                | 83.76   | 104.04               | 22.54   | 22.54                |
|      | Force Motors Limited                                      | 0.01  | 0.01                 | -   | -                    |
| xii  | <b>Remuneration to Key management personnel</b>           |   |                      |   |                      |
| i    | Pramod Vaidya, Chief Executive Officer                    | 118.81  | -                    | 103.99  | -                    |
| ii   | Dinesh Patil, Chief Financial Officer up to 6th Sept-2022 | 20.69   | -                    | 7.74  | -                    |
| iii  | Vijay Patil, Chief Financial Officer w.e.f 6th Sept-2022  | 27.68   | -                    | 11.18   | -                    |
| iv   | Niraj Tripathi, Company Secretary up to 19th Jan-2023     | 5.06  | -                    | 5.40  | -                    |
| v    | Piyush Lalwani, Company Secretary w.e.f 23rd Feb-2023     | 1.64  | -                    | -   | -                    |



46

## Force MTU Power Systems Pvt Ltd

**Note 31: Notes forming part of the financial statements for the year ended March 31, 2023**

### 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 Rolls Royce Solutions GmbH (formerly known as MTU Friedrichshafen GmbH). The Company is in the business of Manufacturing Engines & Generator sets.

### Basis of Preparation of financial statement

The Company's 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 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 financial statements were approved by board of directors and authorised for issue on 12<sup>th</sup> May 2023.

### Significant accounting judgements estimates and assumptions

#### A. Judgement

The preparation of the company's financial statements requires management to make judgements, 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 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 recognized for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 recognizes 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 2023. 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 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. |
| Dies, Jigs & Fixtures     | 5-15          | 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 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 2023, Properties, Plant & Equipment with a carrying amount of INR 10,570.25 Lakhs (31st March 2022 10,464.59) 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.

| Asset Category               | Life in Years | Basis for useful life                                      |
|------------------------------|---------------|--|
| 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 |



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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 2023, intangible assets with a carrying amount of INR 342.11 Lakhs (31st March 2022 398.58) 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



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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. Segment

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.

## 18. 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

#### D Additional notes to financial statement 1 : Disclosure pursuant to Employee benefits

##### A. Defined contribution plans:

Amount of Rs. 41.91 Lakhs (Rs 19.28 Lakhs for 2021-22) 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, 2023 : Changes in defined benefit obligation and plan assets |               |   |                      |  |              |  |   |   |                        |                           |                           | ₹ in Lakhs     |
|--|---------------|---|----------------------|--|--------------|--|---|---|------------------------|---------------------------|---------------------------|----------------|
|  | April 1, 2022 | Gratuity cost charged to statement of profit and loss |                      |  | Benefit paid | Remeasurement gains/(losses) in other comprehensive income                 |   |   |                        |                           |                           | March 31, 2023 |
|  |               | Service cost  | Net interest expense | Sub-total included in statement of profit and loss (Note 26) |              | 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 |                |
| Gratuity   |               |   |                      |  |              |  |   |   |                        |                           |                           |                |
| Defined benefit obligation   | 39.58         | 17.72   | 2.77                 | 20.49  | -1.17        | -  | -1.75   | -0.99   | -11.30                 | -14.03                    | -                         | 44.87          |
| Fair value of plan assets  | -             | -   | -                    | -  | -            | -  | -   | -   | -                      | -                         | -                         | -              |
| Benefit liability  | 39.58         | 17.72   | 2.77                 | 20.49  | -1.17        | -  | -1.75   | -0.99   | -11.30                 | -14.03                    | -                         | 44.87          |
| <b>Total benefit liability</b>   | <b>39.58</b>  | <b>17.72</b>  | <b>2.77</b>          | <b>20.49</b>   | <b>-1.17</b> | <b>-</b>   | <b>-1.75</b>  | <b>-0.99</b>  | <b>-11.30</b>          | <b>-14.03</b>             | <b>-</b>                  | <b>44.87</b>   |

| March 31, 2022 : Changes in defined benefit obligation and plan assets |               |  |                      |  |              |  |   |   |                        |                           |                           | ₹ in Lakhs     |
|--|---------------|--|----------------------|--|--------------|--|---|---|------------------------|---------------------------|---------------------------|----------------|
|  | April 1, 2021 | Cost charged to statement of profit and loss |                      |  | Benefit paid | Remeasurement gains/(losses) in other comprehensive income                 |   |   |                        |                           |                           | March 31, 2022 |
|  |               | Service cost                                 | Net interest expense | Sub-total included in statement of profit and loss (Note 26) |              | 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 |                |
| Gratuity   |               |  |                      |  |              |  |   |   |                        |                           |                           |                |
| Defined benefit obligation   | 35.24         | 17.41  | 2.43                 | 19.84  | -            | -  | -   | -0.78   | -14.72                 | -15.50                    | -                         | 39.58          |
| Fair value of plan assets  | -             | -  | -                    | -  | -            | -  | -   | -   | -                      | -                         | -                         | -              |
| Benefit liability  | 35.24         | 17.41  | 2.43                 | 19.84  | -            | -  | -   | -0.78   | -14.72                 | -15.50                    | -                         | 39.58          |
| <b>Total benefit liability</b>   | <b>35.24</b>  | <b>17.41</b>                                 | <b>2.43</b>          | <b>19.84</b>   | <b>-</b>     | <b>-</b>   | <b>-</b>  | <b>-0.78</b>  | <b>-14.72</b>          | <b>-15.50</b>             | <b>-</b>                  | <b>39.58</b>   |

(b). Other long-term employment benefits

| 31 March 2023 : Changes in defined benefit obligation and plan assets of Compensated absences |              |  |               |  |              |   |   |                        |                           |               |
|---|--------------|--|---------------|--|--------------|---|---|------------------------|---------------------------|---------------|
|   | 1 April 2022 | Cost charged to statement of profit and loss |               |  | Benefit paid | Remeasurement gains/(losses) in other comprehensive income        |   |                        | Contributions by employer | 31 March 2023 |
|   |              | Service cost                                 | Interest cost | Sub-total included in statement of profit and loss (Note 26) |              | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions | Experience adjustments |                           |               |
| Compensated absences  |              |  |               |  |              |   |   |                        |                           |               |
| Defined benefit obligation  | 50.09        | 20.26  | 3.26          | 23.52  | -8.38        | -3.46   | -1.30   | 2.65                   | -                         | 63.13         |
| Fair value of plan assets   | -            | -  | -             | -  | -            | -   | -   | -                      | -                         | -             |
| Benefit liability   | 50.09        | 20.26  | 3.26          | 23.52  | -8.38        | -3.46   | -1.30   | 2.65                   | -                         | 63.13         |

| 31 March 2022 : Changes in defined benefit obligation and plan assets of Compensated absences |              |  |               |  |              |   |   |                        |                           |               |
|---|--------------|--|---------------|--|--------------|---|---|------------------------|---------------------------|---------------|
|   | 1 April 2021 | Cost charged to statement of profit and loss |               |  | Benefit paid | Remeasurement gains/(losses) in other comprehensive income        |   |                        | Contributions by employer | 31 March 2022 |
|   |              | Service cost                                 | Interest cost | Sub-total included in statement of profit and loss (Note 26) |              | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions | Experience adjustments |                           |               |
| Compensated absences  |              |  |               |  |              |   |   |                        |                           |               |
| Defined benefit obligation  | 56.51        | -6.42  | -             | -6.42  | -            | -   | -   | -                      | -                         | 50.09         |
| Fair value of plan assets   | -            | -  | -             | -  | -            | -   | -   | -                      | -                         | -             |
| Benefit liability   | 56.51        | -6.42  | -             | -6.42  | -            | -   | -   | -                      | -                         | 50.09         |



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<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|                          | 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<br>March 31, 2023 | Year ended<br>March 31, 2022 |
| Discount rate   | 7.40%                        | 7.10%                        |
| Future salary increase                                | 10.00%                       | 10.00%                       |
| Expected rate of return on plan assets                | -                            | -                            |
| Expected average remaining working lives (in years)   |                              |                              |
| Gratuity  | 8.48                         | 10.98                        |
| Compensated Absences                                  | 8.48                         | 10.98                        |
| Withdrawal rate (based on grade and age of employees) |                              |                              |
| Gratuity  | 10.00%                       | 7.00%                        |
| Compensated Absences                                  | 10.00%                       | 7.00%                        |

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<br>March 31, 2023                                 | Year ended<br>March 31, 2022 |
| Discount rate          | 1% increase       | 3.05   | 3.59                         |
|                        | 1% decrease       | -3.43  | -4.16                        |
| Future salary increase | 1% increase       | -2.87  | -3.61                        |
|                        | 1% decrease       | 2.62   | 3.20                         |
| Withdrawal rate        | 1% increase       | 0.41   | 0.67                         |
|                        | 1% decrease       | -0.45  | -0.76                        |

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<br>March 31, 2023 | Year ended<br>March 31, 2022 |
| Discount rate          | 1% increase       | 4.03                         | 4.17                         |
|                        | 1% decrease       | -4.51                        | -4.81                        |
| Future salary increase | 1% increase       | -3.74                        | -4.13                        |
|                        | 1% decrease       | 3.43                         | 3.68                         |
| Withdrawal rate        | 1% increase       | -4.44                        | -3.96                        |
|                        | 1% decrease       | 4.89                         | 4.50                         |



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

| Particulars   | Year ended     | Year ended     |
|---|----------------|----------------|
|   | March 31, 2023 | March 31, 2022 |
|   | Rs.            | Rs.            |
| Within the next 12 months(next annual reporting period) | 0.95           | 0.43           |
| Between 2 and 5 years                                   | 25.84          | 13.50          |
| Beyond 5 years  | 90.52          | 86.23          |
| <b>Total expected payments</b>                          | <b>117.31</b>  | <b>100.16</b>  |

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

| Particulars | Year ended     | Year ended     |
|-------------|----------------|----------------|
|             | March 31, 2023 | March 31, 2022 |
|             | Years          | Years          |
| Gratuity    | 11.99          | 14.83          |

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

| Particulars | Year ended     | Year ended     |
|-------------|----------------|----------------|
|             | March 31, 2023 | March 31, 2022 |
|             | Rs.            | Rs.            |
| Gratuity    | 0.00           | 0.00           |



2 Related party transactions

(a) Related parties and their relationship

(i) Where control exists:

| Joint Venturer |   |
|----------------|---|
| i              | Rolls Royce Solutions GmbH<br>(Formerly 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  
Rolls-Royce Solution America

| Key management personnel |   |
|--------------------------|---|
| i                        | Abhaykumar Firodia, Director                              |
| ii                       | Prasan Firodia, Director                                  |
| iii                      | Prashant Inamdar, Director                                |
| iv                       | Tobias Ostermaier, Director                               |
| v                        | Petar Pelemis, Director up to 29th Sept-2022              |
| vi                       | Erk Manning, Director w.e.f 29th Sept-2022                |
| vii                      | Kishore Jayaraman, Director                               |
| viii                     | Pramod Vaidya, Chief Executive Officer                    |
| ix                       | Dinesh Patil, Chief Financial Officer up to 6th Sept-2022 |
| x                        | Vijay Patil, Chief Financial Officer w.e.f 6th Sept-2022  |
| xi                       | Niraj Tripathi, Company Secretary up to 19th Jan-2023     |
| xii                      | Piyush Lalwani, Company Secretary w.e.f 23rd Feb-2023     |

| II   | Transactions with related party (Including Taxes)         | Transaction value                                   | Closing Balance      | Transaction value                                   | Closing balance      |
|------|---|---|----------------------|---|----------------------|
|      |   | For the period from April 1, 2022 to March 31, 2023 | As at March 31, 2023 | For the period from April 1, 2021 to March 31, 2022 | As at March 31, 2022 |
| i    | <b>Issue of Shares</b>                                    |   |                      |   |                      |
|      | Force Motors Limited                                      | -   | -                    | 2,233.80  | -                    |
|      | Rolls-Royce Solutions GmbH                                | -   | -                    | 2,146.20  | -                    |
| ii   | <b>Purchase of Capital Goods</b>                          |   |                      |   |                      |
|      | Force Motors Limited                                      | -   | -                    | -   | -                    |
|      | Rolls-Royce Solutions GmbH                                | 123.64  | 51.85                | 11.00   | -                    |
| iii  | <b>Purchase of Services (Capital Nature)</b>              |   |                      |   |                      |
|      | Rolls-Royce Solutions GmbH                                | -   | -                    | -   | -                    |
|      | Force Motors Limited                                      | -   | -                    | -   | -                    |
| iv   | <b>Purchase of Goods</b>                                  |   |                      |   |                      |
|      | Rolls-Royce Solutions GmbH                                | -   | -                    | -   | -                    |
|      | MTU India Private Limited                                 | 3,732.31  | 6,688.44             | 2,117.61  | 2,956.03             |
| v    | <b>Purchase of services</b>                               |   |                      |   |                      |
|      | Force Motors Limited                                      | 247.31  | 1,656.09             | 655.88  | 1,449.97             |
| vi   | <b>Traning expenses</b>                                   |   |                      |   |                      |
|      | Force Motors Limited                                      | -   | -                    | -   | -                    |
| vii  | <b>Consultancy charges</b>                                |   |                      |   |                      |
|      | Rolls-Royce Solutions GmbH                                | 235.48  | 695.24               | 483.31  | 483.31               |
|      | MTU India Private Limited                                 | 533.34  | 257.06               | 707.97  | 252.95               |
| viii | <b>Reimbursement of expenses</b>                          |   |                      |   |                      |
|      | Rolls-Royce Solutions GmbH                                | 24.54   | 99.41                | 76.88   | 76.88                |
|      | Force Motors Limited                                      | 1.03  | 1.03                 | 4.72  | 4.72                 |
| ix   | <b>Purchase of drawing and design</b>                     |   |                      |   |                      |
|      | Force Motors Limited                                      | -   | -                    | -   | -                    |
| x    | <b>Sale of Goods</b>                                      |   |                      |   |                      |
|      | MTU India Private Limited                                 | 0.90  | (55.42)              | 10.35   | 10.35                |
|      | Rolls-Royce Solution America Inc                          | 6,426.96  | 1,570.28             | 1,684.23  | 1,150.69             |
|      | Rolls-Royce Solutions GmbH                                | 11,458.02   | 3,577.75             | 5,079.55  | 1,269.85             |
|      | MTU Asia Pte. Ltd   | (1.92)  | -                    | -   | 1.92                 |
| xi   | <b>Royalty</b>  |   |                      |   |                      |
|      | Rolls-Royce Solutions GmbH                                | 83.76   | 104.04               | 22.54   | 22.54                |
|      | Force Motors Limited                                      | 0.01  | 0.01                 | -   | -                    |
| xii  | <b>Remuneration to Key management personnel</b>           |   |                      |   |                      |
| i    | Pramod Vaidya, Chief Executive Officer                    | 118.81  | -                    | 103.99  | -                    |
| ii   | Dinesh Patil, Chief Financial Officer up to 6th Sept-2022 | 20.69   | -                    | 7.74  | -                    |
| iii  | Vijay Patil, Chief Financial Officer w.e.f 6th Sept-2022  | 27.68   | -                    | 11.18   | -                    |
| iv   | Niraj Tripathi, Company Secretary up to 19th Jan-2023     | 5.06  | -                    | 5.40  | -                    |
| v    | Piyush Lalwani, Company Secretary w.e.f 23rd Feb-2023     | 1.64  | -                    | -   | -                    |

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 2023, the company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2022: ₹ Nil).

3. Fair Value Measurement

Fair Values by category:

The carrying value and fair value of financial instruments by categories as of March 31, 2023 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   | 440.77         | -  | 440.77               | 440.77           |
| Trade receivables - current           | 6,580.07       | -  | 6,580.07             | 6,580.07         |
| Cash and cash equivalents             | 482.65         | -  | 482.65               | 482.65           |
| Bank balance                          | -              | -  | -                    | -                |
| Other financial asset - current       | -              | 857.88*  | 857.88               | 857.88           |
| <b>Financial Liabilities:</b>         |                |  |                      |                  |
| Borrowings (Current & Non-current)    | 11,104.00      | -  | 11,104.00            | 11,104.00        |
| Lease liability – non current         | 7,082.43       | -  | 7,082.43             | 7,082.43         |
| Lease liability – current             | 500.60         | -  | 500.60               | 500.60           |
| Trade payable (Including MSME)        | 16,900.81      | -  | 16,900.81            | 16,900.81        |
| Other financial liabilities - current | 688.17         | -  | 688.17               | 688.17           |



\*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, 2022 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   | 412.92         | -  | 412.92               | 412.92           |
| Trade receivables - current           | 2,312.52       | -  | 2,312.52             | 2,312.52         |
| Cash and cash equivalents             | 306.46         | -  | 306.46               | 306.46           |
| Bank balance                          | -              | -  | -                    | -                |
| Other financial asset - current       | -              | 287.27   | 287.27               | 287.27           |
| <b>Financial Liabilities:</b>         |                |  |                      |                  |
| Borrowings (Current & Noncurrent)     | 8,767.69       | -  | 8,767.69             | 8,767.69         |
| Lease liability – non current         | 7,655.94       | -  | 7,655.94             | 7,655.94         |
| Lease liability – current             | 389.80         | -  | 389.80               | 389.80           |
| Trade payable (Including MSME)        | 5,905.06       | -  | 5,905.06             | 5,905.06         |
| Other financial liabilities - current | 353.66         | -  | 353.66               | 353.66           |

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

#### 4. Revenue Recognition

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

| Particulars                           | (₹ in Lakhs)      |                  |           |
|---------------------------------------|-------------------|------------------|-----------|
|                                       | Domestic Business | Export Business* | Total     |
| Revenue from contracts with customers | 3,739.57          | 19,405.78        | 23,145.36 |

\*Includes deemed export amounting to Rs 259.45 lakhs.

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 or upon delivery in domestic and in case of export ex-works. The payment is due from the date of sales and are generally on terms of 30 days to 90 days.

(B) 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.

(C) 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:

| Particulars                                  | (₹ in Lakhs)     |                 |
|--|------------------|-----------------|
|  | 2022-23          | 2021-22         |
| Revenue as per Contract                      | 23,145.36        | 7,814.91        |
| Less : Discounts and Incentives              | -                | -               |
| <b>Revenue from contracts with customers</b> | <b>23,145.36</b> | <b>7,814.91</b> |

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

Note XX : 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  | 2022-23       | 2021-22       |
|--------------|---------------|---------------|
| Building     | 926.99        | 933.33        |
| <b>Total</b> | <b>926.99</b> | <b>933.33</b> |

**Interest expense on lease liabilities:**

| Particulars  | 2022-23       | 2021-22       |
|--------------|---------------|---------------|
| Building     | 751.50        | 814.25        |
| <b>Total</b> | <b>751.50</b> | <b>814.25</b> |

**Others**

| Particulars  | 2022-23 | 2021-22 |
|--|---------|---------|
| 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         |               |
|---------------------------|---------------|---------------|
|                           | 31-March-2023 | 31-March-2022 |
| Less than 1 year          | 500.60        | 389.80        |
| Between 1 year to 5 years | 3,398.47      | 3,936.56      |
| More than 5 years         | 3,683.96      | 3,719.38      |

c. Total cash outflow for leases

| Particulars   | 2022-23         | 2021-22         |
|---|-----------------|-----------------|
| Cash Outflow for the lease payments (including advance payments)                                | 1,159.70        | 1,167.11        |
| Short term leases and low-value asset leases not included in the measurement of the liabilities | -               | -               |
| <b>Total</b>  | <b>1,159.70</b> | <b>1,167.11</b> |



**6. Contingencies and Commitments:**

Claims against the company not acknowledged as debt amount to Rs. 3,494.74 Lakhs (FY 21-22 – Rs.2,759.62 Lakhs).

**Commitments:**

(₹ in Lakhs)

|  | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances) | 1,534.92       | 1,567.55       |

**7. Remuneration to auditors**

(₹'in lacs)

| Particulars               | 2022-23     | 2021-22     |
|---------------------------|-------------|-------------|
| Audit fees                | 0.75        | 0.75        |
| Tax audit fees            | 0.25        | 0.25        |
| Other services            | 0.45        | 0.45        |
| Certification fees        | 0.05        | 0.25        |
| Reimbursement of expenses | -           | 0.32        |
| <b>Total</b>              | <b>1.50</b> | <b>2.02</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 2023. The disclosure pursuant to the said Act is as under.

| Particulars   | 2022-23 | 2021-22 |
|---|---------|---------|
| Total outstanding to MSME Suppliers (Excluding Interest & Advance)                        | 186.00  | 115.68  |
| Payment made to suppliers beyond the appointed day during the year                        | 477.71  | 114.13  |
| Interest due and payable to suppliers under MSMED Act, for the payments already made      | 2.28    | 0.89    |
| Interest due on principal amount remaining unpaid   | 0.00    | 0.05    |
| Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act | 6.02    | 3.74    |

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.

| (Rs in Lakhs)                     |                       |                       |
|-----------------------------------|-----------------------|-----------------------|
| Particulars                       | As at 31st March 2023 | As at 31st March 2022 |
| Long Term Fixed Interest Loan     | 6,168.58              | 7,019.79              |
| Short Term Floating Interest Loan | 4,935.42              | 1,747.89              |

| (Rs in Lakhs)                |         |         |
|------------------------------|---------|---------|
| b) Interest Rate Sensitivity |         |         |
| 31-03-2023                   | +50 bps | 24.677  |
|                              | -50 bps | -24.677 |
| 31-03-2022                   | +50 bps | 8.739   |
|                              | -50 bps | -8.739  |

**ii) Foreign currency risk (Hedged & Unhedged)**

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-23   | 31-Mar-22  |
|--------------------|----------|-------------|------------|
| Receivable         | Euro     | 83,92,507   | 42,54,107  |
|                    | USD      | 1,30,318    | 6,42,701   |
| Payable            | CHF      | 46,083      | -          |
|                    | Euro     | 1,66,38,822 | 126,69,361 |
|                    | USD      | 5,88,286    | -          |

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-23      | Euro     | 5%             | -373.91                     | -373.91                  |
|                |          | -5%            | 373.91                      | 373.91                   |
|                | USD      | 5%             | -18.91                      | -18.91                   |
|                |          | -5%            | 18.91                       | 18.91                    |
|                | CHF      | 5%             | -2.10                       | -2.10                    |
|                |          | -5%            | 2.10                        | 2.10                     |

| Financial Year | Currency | Change in Rate | Effect of Profit before Tax | Effect on Pre-Tax equity |
|----------------|----------|----------------|-----------------------------|--------------------------|
| 31-Mar-22      | Euro     | 5%             | -364.6                      | -360.13                  |
|                |          | -5%            | 364.6                       | 360.13                   |
|                | USD      | 5%             | -24.2                       | -24.47                   |
|                |          | -5%            | 24.2                        | 24.47                    |

#### 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-23</b>            |                  |                    |                    |                  |                   |                  |
| Borrowings                  | 4,935.43         | 376.00             | 1,128.04           | 4,664.53         | -                 | 11,104.00        |
| Lease liability             | -                | 1,64.51            | 336.09             | 3,398.47         | 3,683.96          | 7,583.03         |
| Trade payables              | 11,653.49        | 5,247.32           | -                  | -                | -                 | 16,900.81        |
| Other financial liabilities | 7.25             | 69.48              | 611.44             | -                | -                 | 688.17           |
| <b>Total</b>                | <b>16,596.17</b> | <b>5,857.31</b>    | <b>2,075.57</b>    | <b>8,063.00</b>  | <b>3,683.96</b>   | <b>36,276.01</b> |
| <b>31-Mar-22</b>            |                  |                    |                    |                  |                   |                  |
| Borrowings                  | 1,747.89         | 207.16             | 1,052.96           | 5,759.67         | -                 | 8,767.69         |
| Lease liability             | -                | 93.84              | 295.96             | 3,936.56         | 3,719.38          | 8,045.74         |
| Trade payables              | 4,855.58         | 1,049.48           | -                  | -                | -                 | 5,905.06         |
| Other financial liabilities | 0.07             | 58.04              | 295.54             | -                | -                 | 353.66           |
| <b>Total</b>                | <b>6,603.54</b>  | <b>1,408.52</b>    | <b>1,644.46</b>    | <b>9,696.23</b>  | <b>3,719.38</b>   | <b>23,072.15</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-23          | 31-Mar-22         |
|--------------------------|--------------------|-------------------|
| Cash and cash equivalent | 482.65             | 306.46            |
| Borrowings               | (11,104.00)        | (8,767.69)        |
| <b>Net debt #</b>        | <b>(10,621.35)</b> | <b>(8,461.23)</b> |

| Particulars                       | 31-Mar-23          | 31-Mar-22         |
|-----------------------------------|--------------------|-------------------|
| <b>Net Debt as on 1-Apr-22 #</b>  | <b>(8,461.23)</b>  | <b>(3,069.91)</b> |
| Cash flows                        | (2,160.12)         | (5,391.32)        |
| <b>Net debt as on 31-Mar-23 #</b> | <b>(10,621.35)</b> | <b>(8,461.23)</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

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

| Particulars                           | Domestic Business | Export Business | Total     |
|---------------------------------------|-------------------|-----------------|-----------|
| Revenue from contracts with customers | 3,739.57          | 19,405.78       | 23,145.36 |



All the assets of the company are located in India.

Net Revenue from two customer of the company is (2022-23 ₹ 18,095.59) lakhs (2021-22 ₹ 6,477.59) which is more than 10 per cent of the company's total revenue.

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

| Particulars   | 2022-23      | 2021-22      |
|---|--------------|--------------|
| Loss for the year after tax (₹ in Lakhs)  | 3,646.79     | 3,268.71     |
| Total number of equity shares at the end of the year<br>(One Equity share of face value of ₹ 10/- each) | 25,00,00,000 | 25,00,00,000 |
| Weighted average number of equity shares for the purpose of computing Earnings Per Share                | 25,00,00,000 | 24,35,20,000 |
| Basic and Diluted Earnings Per Share (in ₹)   | (1.46)       | (1.34)       |

## 13. Benami Properties.

The Company does not hold any Benami properties. No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 and the rules made thereunder.

## 14. Struck Off Companies.

Company has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

Except as mentioned below

| Sr. No | Name of the Company          | Nature of transaction | Balance Outstanding | Relationship with Struck off Company , if any |
|--------|------------------------------|-----------------------|---------------------|---|
| 1      | UNITED GASCO PRIVATE LIMITED | Purchase of Goods     | NIL                 | NA  |

## 15. Number of Layers of Companies.

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.

## 16. Approved scheme of arrangements.

The Company does not have any Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

## 17. Undisclosed Income.

There are no transactions that has been not recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.



**18. Crypto Currency or Virtual Currency.**

There are no transactions that has been not recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

**19. Loans to promoters, directors, KMPs and the related parties.**

The Company has not granted any loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

- (a) Repayable on demand; or
- (b) Without specifying any terms or period of repayment.

**20. Statement of registration and satisfaction of charges.**

**For 31st March 2023**

As at the reporting date, none of the registration/modification of charges or satisfaction of charges are yet to registered with ROC beyond the statutory time limit.

**For 31st March 2022**

As at the reporting date, none of the charges or satisfaction of charges or yet to registered with ROC beyond the statutory time limit.





## 21. Ratios.

Calculation 22-23

| Sr No | Ratio                           | Numerator   | Denominator                       | Numerator | Denominator | Description   | As at 31st March-2023 | As at 31st March-2022 | Variance | Reasons For Variance   |
|-------|---------------------------------|---|-----------------------------------|-----------|-------------|---|-----------------------|-----------------------|----------|--|
| 1     | Current Ratio                   | Current Assets  | Current Liabilities               | 28,260.15 | 26,696.80   | The current ratio indicates the company overall liquidity position  | 1.06                  | 1.67                  | -36.47%  | Due to increased utilization of cash credit.   |
| 2     | Debt Equity Ratio               | Total Debt  | Shareholders Equity               | 11,104.00 | 13,103.02   | Debt to equity ratio compares company total debt to shareholders equity   | 0.85                  | 0.52                  | 61.79%   | Debt increased due to increased utilization of cash credit whereas term loan has been repaid by 14 crores and equity has reduced due to current year losses. |
| 3     | Debt Service Coverage Ratio     | Earning Available for Debt Service                    | Debt Service                      | -533.34   | 1,678.89    | Debt Service Coverage Ratio is used to analyze the companies ability to pay off current interest and installments                           | -0.32                 | -0.32                 | -2.04%   | Change not significant.  |
| 4     | Return On Equity                | Net Profit After Taxes(-)Preference Dividend (If any) | Average Shareholders Equity       | -3,646.79 | 14,921.22   | It measures the profitability of equity funds invested in the company   | -24.44%               | -20.20%               | 20.96%   | Equity reduced on account of current year loss, also current year loss is higher than last year.   |
| 5     | Inventory Turnover Ratio        | Sales of Product                                      | Average Inventory                 | 23,004.02 | 12,853.49   | This ratio measures the efficiency at which the company utilizes or manages its inventory   | 1.79                  | 0.67                  | 165.52%  | Due to increase in sales.  |
| 6     | Trade Receivable Turnover Ratio | Sales   | Closing Balance Trade Receivables | 23,160.69 | 4,446.30    | This ratio measures the efficiency at which the entity is managing the receivables  | 5.21                  | 3.38                  | 54.02%   | Due to faster collection of outstanding from debtors   |
| 7     | Trade Payable Turnover Ratio    | Total Purchases                                       | Closing Balance Trade Creditors   | 19,644.95 | 11,402.94   | This ratio measures the number of times sundry creditors have been paid during the period   | 1.72                  | 0.98                  | 74.97%   | Due to cash loss payment to signholders for purchase of material and services kept on hold which has increased the payables                                  |
| 8     | Net Capital Turnover Ratio      | Sales   | Working Capital                   | 23,145.36 | 1,563.35    | The ratio indicates a companies effectiveness in using its working capital  | 14.81                 | 1.11                  | 1235.91% | Due to increase in sales.  |
| 9     | Net Profit Ratio                | Net Profit  | Sales                             | -5,646.79 | 23,145.36   | This ratio measures the relationship between net profit and sales of the business   | -15.76%               | -41.83%               | -62.33%  | Due to increase in sales and product mix has helped to reduce net profit.  |
| 10    | Return On Capital Employed      | Earning before interest and taxes                     | Capital Employed                  | -5,639.52 | 24,207.02   | Return On Capital Employed indicates the ability of company management to generate returns for both the debt holders and the equity holders | -15.03%               | -13.07%               | 15.01%   | Change not significant.  |

There are no investment made by company

The company has not made any investments, hence Ratio - Return on Investments is not disclosed.



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

#### Amendment to Indian Accounting Standard Rules, 2015

Ministry Of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under companies (Indian Accounting Standard) Rules as issued from time to time .On March 31 ,2023 MCA amended the Companies (Indian Accounting Standards) Amendment Rules ,2022,applicable from April 1<sup>st</sup>,2023,as below:

The notification states that these rules shall be applicable from 1 April 2023 and would thus be applicable for the financial year ending 31 March 2024.

The amendments to Ind As are intended to keep the Ind As aligned with the amendments made in IFRS.

| Ind AS  | Illustrative disclosure in Financial Statements   |
|---|---|
| Ind AS 1, Presentation of Financial Statements                            | The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements. / The Company is in the process of evaluating its impact, if any, on the financial statements.  |
| Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors | The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements. / The Company is in the process of evaluating its impact, if any, on the financial statements. |
| Ind AS 12, Income Taxes   | The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the initial recognition exemption so that it does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.  |

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

*Purva Kulkarni*



Purva Kulkarni  
Partner  
Date: 12th May 2023  
Pune.  
M. No. 138855

*Prasan Firodia*

Prasan Firodia  
Director  
DIN : 00029664  
Date : 12th May 2023  
Pune.

*Tobias Ostermaier*

Tobias Ostermaier  
Director  
DIN : 09214149  
Date : 12th May 2023  
Pune.

*Pramod Vaidya*

Pramod Vaidya  
Chief Executive Officer  
Date : 12th May 2023  
Pune.

*Vijay Patil*

Vijay Patil  
Chief Financial Officer  
Date : 12th May 2023  
Pune.

*Piyush Lalwani*

Piyush Lalwani  
Company Secretary  
Date : 12th May 2023  
Pune.

