

INDEPENDENT AUDITOR'S REPORT**To the Members of Force MTU Power Systems Private Limited****Report on the Audit of the Standalone Indian Accounting Standards (Ind AS) Financial Statements****Opinion**

We have audited the standalone Ind AS financial statements of **Force MTU Power Systems Private Limited** ("the Company"), which comprise the Balance sheet as at 31 March 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by 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 standalone state of affairs of the Company as at 31 March 2019, and its standalone loss (including Other Comprehensive Income), standalone changes in equity and its standalone cash flows for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Companies Act, 2013 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 Director's report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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



Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the standalone financial position, standalone financial performance, (standalone changes in equity) and standalone cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

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

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

We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS 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.



M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

- 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, no material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and in our opinion whether standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, 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), and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014.



M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

- e) On the basis of the written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) 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 as at 31 March 2019 which would impact its financial position.
 - ii. The Company has made provision as at 31 March 2019, as required under the applicable law or accounting standards, for material foreseeable losses ,if any, on long-term contracts. The Company did not have any derivative contracts as at 31 March 2019.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31March 2019.

For M/s P G Bhagwat
Chartered Accountants
Firm Registration Number:101118W



Pritam Prajapati
Partner
Membership Number 135734

Place: Pune
10May 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph 1 of the Independent Auditors' Report of even date to the members of Force MTU Power System Private Limited on the standalone financial statements as of and for the year ended 31 March 2019

- i. (a) The Company does not have any fixed assets for the period ended 31 March 2019 and therefore the provisions of Clause 3(i)(a), (b) and (c) of the said Order are not applicable to the Company.
- ii. The physical verification of inventory has been conducted at reasonable intervals by the Management during the year. There are no discrepancies noticed on physical verification of inventory.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) 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 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 not required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.
- 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 regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, Goods and Service Tax, cess and other material statutory dues, as applicable, with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, duty of customs, and Goods and Service Tax, which have not been deposited on account of any dispute.
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the



Annexure A to Independent Auditors' Report

Referred to in paragraph 1 of the Independent Auditors' Report of even date to the members of Force MTU Power System Private Limited on the standalone financial statements for the year ended 31 March 2019

Page 2 of 3

information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

- xi. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- 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 such 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 (Accounts) Rules, 2014. Further, the 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. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- 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. 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) of the Order are not applicable to the Company.

For M/s P G Bhagwat
Chartered Accountants
Firm Registration Number: 101118W

Pritam Prajapati
Partner
Membership Number 135734

Place: Pune
10 May 2019

Force MTU Power Systems Private Limited
Balance Sheet as at March 31, 2019

(₹'in lacs)

Particulars	Notes	As at March 31, 2019
ASSETS		
Non-current assets		
Capital work-in-progress	3	180.26
Financial assets		
(i) Loans	4	164.16
Deferred tax assets (net)	5	302.61
Other non-current assets	6	249.45
Total non-current assets		896.48
Current assets		
Inventories	7	81.10
Financial assets		
(i) Cash and cash equivalents	8	914.84
(ii) Loans	9	0.03
(iii) Other Financial assets	10	2.36
Other current assets	10A	205.28
Total current assets		1,203.61
Total assets		2,100.09
EQUITY AND LIABILITIES		
Equity		
Equity share capital	11	2,620.00
Other equity		
Reserves and surplus	12	(817.46)
Total equity		1,802.54
Liabilities		
Non-current liabilities		
Provisions	13(a)	22.31
Total non-current liabilities		22.31
Current liabilities		
Financial liabilities		
(i) Trade payables		
- total outstanding dues of micro enterprises and small enterprises	14	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		173.94
Provisions	13(b)	1.95
Other current liabilities	15	99.35
Total current liabilities		275.23
Total equity and liabilities		2,100.09

Significant accounting policies 1
Significant accounting judgements, estimates and assumptions 2


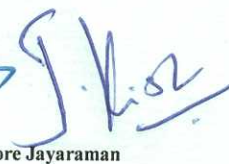
The notes referred to above form an integral part of these separate financial statements



As per our attached report of even date
For M/s P G Bhagwat
Firm Registration No.: 101118W
Chartered Accountants



Pritam Prajapati
Partner
Membership No. 135734

On behalf of the Board of Directors

 
Prasan Firodia **Kishore Jayaraman**
Director Director

 
Pramod Vaidya **Ajay Choudhary**
Chief Executive Officer Chief Financial Officer

Pune Date : 10.05.2019


Sourav Chowdhury
Company Secretary

Force MTU Power Systems Private Limited
Statement of Profit and Loss

(₹'in lacs)

Particulars	Notes	For the period from August 07, 2018 to March 31, 2019
Other income	16	49.25
Total income		49.25
Expenses		
Cost of materials consumed	17	-
Employee benefits expense	18	390.98
Other expenses	19	746.01
Total expenses		1,136.99
Loss before tax		(1,087.74)
Tax expense:	21	(301.56)
Current tax		-
Deferred tax		(301.56)
Loss for the period		(786.19)
Other Comprehensive Income (OCI)		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements gain/(loss) of post-employment benefit obligations		(3.79)
Tax on above		1.05
Total other comprehensive income for the period		(2.73)
Total comprehensive income for the period (TCI)		(788.92)
Loss per equity share (Rs.)		
Basic and diluted (Rs.)	27	(5.21)

Significant accounting policies

1

Significant accounting judgements, estimates and assumptions

2

The notes referred to above form an integral part of these separate financial statements

For M/s P G Bhagwat

Firm Registration No.: 101118W

Chartered Accountants



Pritam Prajapati
Partner

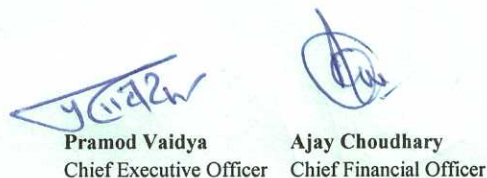
Membership No. 135734

Pune Date : 10.05.2019

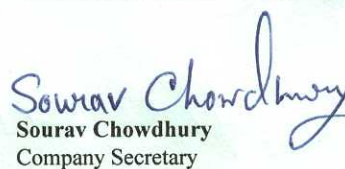
On behalf of the Board of Directors



Prasan Firodia **Kishore Jayaraman**
Director Director



Pramod Vaidya **Ajay Choudhary**
Chief Executive Officer Chief Financial Officer



Sourav Chowdhury
Sourav Chowdhury
Company Secretary

Force MTU Power Systems Pvt Ltd
Statement of changes in Equity

A. Equity Share Capital

(₹'in lacs)

	Notes	No. of shares	Amount
As at August 7, 2018		-	-
Changes in equity share capital	12	26,200,000	2,620.00
As at March 31, 2019		26,200,000	2,620.00

Other equity

(₹'in lacs)

Particulars	Notes	Reserves and surplus
		Retained Earnings
As at August 7, 2018		-
Profit/(Loss) for the period	12	(786.19)
Transaction cost incurred on issue of shares		(28.54)
Other Comprehensive Income :		
Remeasurements of post-employment benefit plans, (net of tax)		(2.73)
Total Comprehensive Income for		
As at March 31, 2019		(817.46)

Significant accounting policies 1
Significant accounting judgements, estimates and assumptions 2

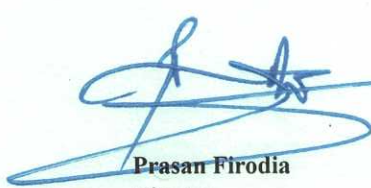
The notes referred to above form an integral part of these separate financial statements

For M/s P G Bhagwat
Firm Registration No.: 101118W
Chartered Accountants



Pritam Prajapati
Partner
Membership No. 135734

On behalf of the Board of Directors



Prasan Firodia
Director



Kishore Jayaraman
Director

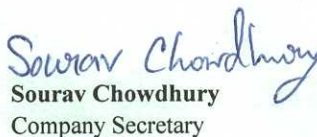


Pramod Vaidya
Chief Executive Officer



Ajay Choudhary
Chief Financial Officer

Pune Date : 10.05.2019



Sourav Chowdhury
Sourav Chowdhury
Company Secretary

Force MTU Power Systems Pvt Ltd
Cash Flow Statement

(₹'in lacs)

Particulars	For the period from August 7, 2018 to March 31, 2019
A. Cash flow from operating activities	
Loss before tax	(1,087.74)
Adjusted for:	
Interest income	(36.30)
	(36.30)
Operating profit before working capital changes	(1,124.05)
Change in operating assets and liabilities:	
(Increase) in inventories	(81.10)
Increase in trade payables	173.94
(Increase) in other financial assets non-current	0.00
(Increase) in other financial assets current	(2.36)
(Increase) in other non-current assets	(249.45)
Increase in other current liabilities	99.35
Increase in non-current provisions	18.51
Increase in current provisions	1.95
	(39.17)
Cash generated from operations	(1,163.21)
Income taxes paid (net of refund, if any)	-
Net cash flow from operating activities (A)	(1,163.21)
B. Cash flow from investing activities	
Purchase of fixed assets, including capital work in progress and capital advances (net)	(180.26)
Interest received	36.30
Net cash flow from / (used in) investing activities (B)	(143.96)
C. Cash flow from financing activities	
Proceeds from issue of shares	2,620.00
Transaction cost incurred on issue of shares (net of tax)	0.00
Net cash flow used in financing activities (C)	2,620.00
Net increase in Cash and cash equivalents (A+B+C)	1,312.83
Cash and cash equivalents at the beginning of the year	0.00
Cash and cash equivalents at the end of the year	914.84

Significant accounting policies

1

Significant accounting judgements, estimates and assumptions

2

The notes referred to above form an integral part of these separate financial statements

For M/s P G Bhagwat
Firm Registration No.: 101118W
Chartered Accountants



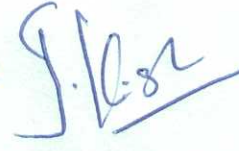
Pritam Prajapati
Partner
Membership No. 135734

Pune Date : 10.05.2019

On behalf of the Board of Directors



Prasan Firodia
Director



Kishore Jayaraman
Director



Pramod Vaidya
Chief Executive Officer



Ajay Choudhary
Chief Financial Officer


Sourav Chowdhury
Company Secretary

Force MTU Power Systems Pvt Ltd
Notes forming part of financial statements

Corporate Information

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

1 Significant Accounting Policies

The financial statements of the Company comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [the Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

1.1 Basis of Preparation

The financial statements have been prepared on a historical cost basis, except certain financial instruments and defined benefit plans, which are measured at fair value.

1.2 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.

1.3 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

1.4 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 Equipments are adjusted to the Statement of Profit and Loss.

1.5 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 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.

1.6 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.



Force MTU Power Systems Pvt Ltd
Notes forming part of financial statements

1.7 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.

1.8 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.

Earnings per share

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the period.

1.9 Income tax

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.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

1.10 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.



Force MTU Power Systems Pvt Ltd
Notes forming part of financial statements

Note 2 : Significant accounting judgements, estimates and assumptions

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.

Judgements, estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Significant estimates and assumptions

1 Defined benefit plans

Details about employee benefit obligations are given in Note 22

2 Deferred Tax

Details about deferred tax are given in Note No 5 & 21

Standards issued but not yet effective:

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2019 introducing new accounting standards on leases viz. Ind AS 116 Leases with effect from April 1, 2019. The Company is evaluating the impact of these pronouncements on the financial statements.



Force MTU Power Systems Pvt Ltd
Notes forming part of financial statements

Note 3 : Capital work-in-progress

Particulars	(₹'in lacs)
	Capital work-in-progress
Gross carrying amount	
Opening cost as at August 07, 2018	
Additions	180.26
Disposals	-
Transfers	-
Closing gross carrying amount as at March 31,	180.26

Note 4 : Loans

Particulars	(₹'in lacs)
	As at March 31, 2019
Unsecured, considered good unless stated otherwise	
Security deposits	164.16
Total	164.16

Note 5 : Deferred tax assets (net)

Particulars	(₹'in lacs)
	As at March 31, 2019
Deferred tax asset	
Tax losses	295.86
Defined benefit obligations	6.75
	302.61
Total	302.61

Movement in deferred tax assets/ (liabilities)

Particulars	(₹'in lacs)
	As at March 31, 2019
Deferred tax assets/ (liabilities)	
Charged to profit or loss	
Tax losses	295.86
Defined benefit obligation	5.70
	301.56
Charged to other comprehensive income	
Remeasurement of defined benefit obligation	1.05
	1.05
Closing deferred tax assets	302.61



Force MTU Power Systems Pvt Ltd
Notes forming part of the financial statements

Note 6 : Other non-current assets

(₹'in lacs)

Particulars	As at March 31, 2019
Prepaid rent	249.45
Total	249.45

Note 7 : Inventories

(₹'in lacs)

Particulars (at lower of cost and net realisable value)	As at March 31, 2019
Raw materials	81.10
Total	81.10

There are no write downs recognized to the net realizable value of inventory during the period ended March 31, 2019

Note 8 : Cash and cash equivalents

(₹'in lacs)

Particulars	As at March 31, 2019
Balances with banks	
- in current accounts	414.84
Current account	500.00
Term deposits with original maturity of less than three months	
Total	914.84

Note 9 : Loans

(₹'in lacs)

Particulars	As at March 31, 2019
Loans to employees	0.03
Total	0.03

Note 10 : Other financial assets

(₹'in lacs)

Particulars	As at March 31, 2019
Interest receivable on term deposit	1.71
Other receivable	0.65
Total	2.36

Note 10A : Other current assets

(₹'in lacs)

Particulars	As at March 31, 2019
Balances with Government Authorities	205.28
Total	205.28



Force MTU Power Systems Private Limited
Notes forming part of the financial statements

Note 11: Share capital

(a) Authorised share capital

Particulars	Equity shares
Number of shares	26,200,000
Face value per share	10
Amount (in lacs)	2,620.00
Total	2,620.00

(a) Issued and subscribed equity share capital

Particulars	Number shares	(₹'in lacs)
		Amount
As at April 1, 2018	-	-
Increase during the year	26,200,000	2,620
As at March 31, 2019	26,200,000	2,620

(b) Subscribed and fully paid up equity share capital

Particulars	(₹'in lacs)
	March 31, 2019
Equity Shares of ` 10/- each fully paid	2,620
Subscribed and paid up equity share capital	2,620
Number of equity shares of ` 10/- each fully paid	26,200,000
Number of shares	26,200,000

(c) Details of shares held by Shareholders holding more than 5% of equity shares of the Company

Name of the shareholder	Force Motors	MTU
As at March 31, 2019		
% of holding	51.00%	49.00%
Number of shares	13,362,000	12,838,000

(d) Equity Share Capital

Particulars	(₹'in lacs)
	Amount
Proceeds from issue of shares during the period from August 07, 2018 to	2,620.00
Equity share capital	2,620.00

(d) Terms and rights attached to equity shares:

The Company has one class of issued capital i.e. equity shares having a par value of Rs.10 per



Force MTU Power Systems Pvt Ltd
Notes forming part of the financial statements

Note 12 : Reserves and surplus

Particulars	(₹'in lacs) As at March 31, 2019
Retained earnings	
Balance as at the beginning of the year/period	-
Add: Loss for the period	(786.19)
Add: Transaction cost incurred on issue of shares	(28.54)
Add: Items of other comprehensive income recognised directly in retained earnings	(2.73)
Total	(817.46)

Note 13 : Provisions

a. Non Current

(₹'in lacs)

Particulars	As at March 31, 2019
Provision for employee benefits	
Compensated absences	13.55
Gratuity	8.76
Total	22.31

b. Current

(₹'in lacs)

Particulars	As at March 31, 2019
Provision for employee benefits	
Compensated absences	1.64
Gratuity	0.31
Total	1.95

Note 14 : Trade payables

(₹'in lacs)

Particulars	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	
i) Related Parties (refer note 26)	107.16
ii) Acceptances	-
iii) Others	66.78
Total	173.94

- i The Company has compiled this information based on the current information in its possession as at March 31, 2019, no supplier has intimated the Company about its status as Micro and Small Enterprises or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.
- ii Trade payables are non-interest bearing and are generally settled on 7-180 days.

Note 15 : Other current liabilities

(₹'in lacs)

Particulars	As at March 31, 2019
Other payable	1.13
Statutory dues payable	63.08
Employee benefits payable	35.14
Total	99.35



Force MTU Power Systems Pvt Ltd
Notes forming part of the financial statements

Note 16 : Other Income

Particulars	(₹'in lacs)
	For the period from August 07, 2018 to March 31, 2019
Interest income	36.30
Gain on foreign exchange, net	2.32
Unwinding on discount on security deposit	3.78
Miscellaneous Income	6.85
Total	49.25

Note 17 : Cost of materials consumed

Particulars	(₹'in lacs)
	For the period from August 07, 2018 to March 31, 2019
Raw materials at the beginning of the year	-
Purchase during the year	81.10
Less: Raw material at the end of the year	81.10
Total	-

Note 18 : Employee benefits expense

Particulars	(₹'in lacs)
	For the period from August 07, 2018 to March 31, 2019
Salaries and wages	378.84
Contributions to provident fund and other funds	12.13
Total	390.98

Note 19 : Other expenses

Particulars	(₹'in lacs)
	For the period from August 07, 2018 to March 31, 2019
Expenses Related to site development	538.74
Training Expenses	59.15
Rates and taxes	1.03
Insurance	2.74
Travelling and conveyance	76.63
Computer Expenses	3.87
Professional Fees	35.63
Remuneration to auditors (refer note 20)	1.25
Other expenses	26.97
Total	746.01



Note 20 : Remuneration to auditors

Particulars	(₹'in lacs)
	For the period from August 07, 2018 to March 31, 2019
Audit fees	0.75
Tax audit fees	0.25
Other services	0.25
Total	1.25

Note 21 : Income tax expense

Particulars	(₹'in lacs)
	For the period from August 07, 2018 to March 31,
(a) Income tax expense	
Current tax on profits for the period	-
Total current tax expense	-
Deferred tax	
Decrease (increase) in deferred tax assets	(301.56)
Total deferred tax expense/(benefit)	(301.56)
Income tax expense	(301.56)



Force MTU Power Systems Pvt Ltd
Notes forming part of the financial statements

Note 22 : Employee benefits

(A) Defined benefit plans

a) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a unfunded plan.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	(₹'in lacs)		
	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2018			
Current service cost	5.17	-	5.17
Interest expense/(income)	0.11	-	0.11
Total amount recognised in profit or loss	5.29	-	5.29
Remeasurements	-	-	-
Return on plan assets, excluding amounts included in (Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/losses	3.79	-	3.79
Total amount recognised in other comprehensive	3.79	-	3.79
Employer contributions	-	-	-
Benefit payments	-	-	-
March 31, 2019	9.07	-	9.07

The net liability disclosed above relates to unfunded plans are as follows:

	(₹'in lacs)
	As at
	March 31, 2019
Present value of obligations	9.07
Fair value of plan assets	-
Deficit of funded plan	9.07

Valuation in respect of Gratuity has been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

	As at
	March 31, 2019
Discount rate	7.60%
Salary escalation	10.00%
Withdrawal rate	10.00%
Rate of return on plan assets	-

Quantitative sensitivity analysis for significant assumptions are as follows:

Particulars	(₹'in lacs)	
	Year ended	
	March 31, 2019	
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 1% increase in discount rate		8.37
(ii) 1% decrease in discount rate		9.87
(iii) 1% increase in rate of salary escalation		9.75
(iv) 1% decrease in rate of salary escalation		8.46
(iii) 1% increase in rate of withdrawal rate		8.97
(iv) 1% decrease in rate of withdrawal rate		9.18



Force MTU Power Systems Pvt Ltd

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The maturity profile of defined benefit obligation (gratuity) -

	(₹'in lacs)
	As at March 31, 2019
Defined benefit obligation (gratuity)	
Less than a year	0.31
Between 1 - 2 years	0.74
Between 2 - 5 years	1.56
Over 5 years	33.32
Total	35.93

(B) Defined Contribution Plans

The Company has recognised the following amounts in the Statement of Profit and Loss

Particulars	(₹'in lacs)
	As at March 31, 2019
Contribution to Provident Fund	6.85

**(C) Other long-term employee benefit obligations
Compensated absences**

The compensated absences cover the Company's liability for privilege, sick and casual leave.

Significant assumptions :

The significant actuarial assumptions were as follows :

Particulars	March 31, 2019
Discount rate	7.60%
Salary escalation rate	10.00%
Retirement age	58 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate
Attrition rate	10.00%

(D) Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below :

- 1. Interest rate risk:** The defined benefit obligation is calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
- 2. Salary inflation risk:** Higher than expected increases in salary will increase the defined benefit obligation.
- 3. Demographic risk:** For example, as the plan is open to new entrants, an increase in membership will increase the defined benefit obligation. Also, the plan only provides benefits upon completion of a vesting criteria. Therefore, if turnover rates increase then the liability will tend to fall as fewer employees reach vesting period.



Force MTU Power Systems Pvt Ltd
Notes forming part of the financial statements

Note 23 : Fair Value Measurement

Financial Instrument by category:

The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

(₹'in lacs)

Particulars	Amortised cost	Financial assets / liabilities at fair value through profit or loss	Total Carrying value
Financial Assets:			
Loans- Non current	-	164.16	164.16
Cash and cash equivalents	914.84	-	914.84
Loans- Current	0.03	-	0.03
Other financial asset - Current	2.36	-	2.36
Financial Liabilities:			
Trade Payable	173.94	-	173.94

Fair value hierarchy:

The following methods and assumptions were used to estimate the fair values:

The fair values of Trade Payables, cash and Cash equivalents and Other Bank Balances, are reasonable approximation of fair value due to the short-term maturities of these instruments.

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

(₹'in lacs)

Financial assets and liabilities measured at fair value -recurring	Level 1	Level 2	Level 3
Security Deposits			
March 31, 2019	-	164.16	-

Valuation processes

The finance department of the company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.



Force MTU Power Systems Pvt Ltd
Notes forming part of the financial statements

Note 24 : 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. Currently the Company does not have any operations for the period from August 7, 2018 to March 31, 2019 and therefore, management has not identified any market risks.

(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: 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.

Contractual maturities of financial liabilities	(₹'in lacs)			
	Less than 6 months	6 months to 1 year	More than 1 year	Total
March 31, 2019				
Non-derivatives				
Trade payables	173.94	-	-	-
Total non-derivative liabilities	173.94	-	-	-

(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 that are neither past due nor impaired

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Currently the Company does not have any operations for the period from August 7, 2018 to March 31, 2019 and therefore is not exposed to any credit risks relating to trade receivables and other receivables.

Note 25 : 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 and short-term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt

Total debt includes all long and short-term debts

Particulars	As at March 31
Total debt (In Rs. Lac)	297.54
Total equity (In Rs. Lac)	1,802.54
Net debt to equity ratio	0.17



Force MTU Power Systems Pvt Ltd
Notes forming part of the financial statements

Note 26: Related party transactions

(a) Related parties and their relationship

(i) Where control exists:

Joint Venture	
i	MTU Friedrichshafen GmbH
ii	Force Motors Limited

(ii) Entity under common control with co-venturer in the Company
MTU Asia Pte Ltd

I	Key management personnel compensation
i	Abhaykumar Firodia, Director
ii	Prasan Firodia, Director
iii	Prashant Inamdar, Director
iv	Matthias Vogel, Director
v	Petar Pelemis, Director
vi	Kishore Jayaraman, Director
vii	Pramod Vaidya, Chief Executive Officer
viii	Ajay Choudhary, Chief Financial Officer
ix	Sourav Chowdhury, Company Secretary

(₹'in lacs)

II	Transactions with related party	Transaction value	Closing balance
		For the period from August 7, 2018 to March 31, 2019	As at March 31, 2019
i	Issue of Shares		
	MTU Friedrichshafen GmbH	1,283.80	1,283.80
	Force Motors Limited	1,336.20	1,336.20
ii	Purchase of services		
	Force Motors Limited	955.68	33.23
iii	Traning expenses		
	MTU Friedrichshafen GmbH	58.97	73.88
iv	Consultancy charges		
	MTU Friedrichshafen GmbH	25.69	
v	Certification expenses		
	MTU Asia Pte Ltd	0.05	0.05
vi	Remuneration to Key management personnel		
	i Pramod Vaidya, Chief Executive Officer	17.08	7.98
	ii Ajay Choudhary, Chief Financial Officer	5.40	2.40
	iii Sourav Chowdhury, Company Secretary	1.32	0.60



Note 27: Loss per share

	For the period from August 7, 2018 to March 31, 2019
Net Loss attributable to equity shareholders	(786.19)
Weighted average no. of equity shares	15,086,498
Loss per share (Basic and Diluted)	(5.21)
Nominal value of an equity share	10.00

Note 28 :Previous period figures

The Company was incorporated on 07 August 2018 and has not commenced operations till 31 March 2019. Accordingly, this being the first reporting period for the Company, comparative figures and disclosures cannot be furnished.

Note 28 :Segment

The company is operating in a single segment

As per our attached report of even date

For M/s P G Bhagwat

Firm Registration No.: 101118W

Chartered Accountants



Pritam Prajapati

Partner

Membership No. 135734

Pune Date : 10.05.2019

On behalf of the Board of Directors



Prasan Firodia
Director

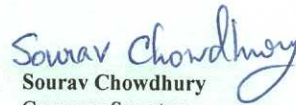
Kishore Jayaraman
Director



Pramod Vaidya
Chief Executive Officer



Ajay Choudhary
Chief Financial Officer



Sourav Chowdhury
Company Secretary