

M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

HEAD OFFICE

Suites 101 - 102, 'Orchard'
Dr. Pai Marg, Baner.
Pune - 411045

Tel.: 020 - 27290771 27291772, 27291773
Email : pgb@pgbhagwatca.com
Web www.pgbhagwatca.com

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 2020, and the statement of Profit and Loss (including Other Comprehensive Loss), 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 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 2020, and its standalone loss (including Other Comprehensive Loss), standalone changes in equity and its standalone cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Capital Work in Progress:

The company is in the process of setting up its plant facility which involves various activities such as import of production line, installation & commissioning of the same and final testing. These activities



M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

take a substantial period of time to get ready for its intended use. Company has Rs. 7217.18 Lakhs of Capital work in progress as disclosed on the face of the balance sheet majority of which is related to plant set up facility.

Due to the significance of value attached to the same and based on our assessment we have identified this to be a key audit matter.

Audit Methodology:

- We obtained an understanding and assessed overall system of internal control over the capital work-in-progress and its accounting
- We checked the completeness of capital work-in-progress as of balance sheet date.
- We performed substantive testing of samples selected for correctness of accounting.

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. The director's report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

When we read the director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations.

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



M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

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. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to standalone financial statement in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS 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.



M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS 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, 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 loss), and the Cash Flow Statement and the statement of changes in equity 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 (Indian Accounting Standard) Rules, 2015 as amended.
 - e) On the basis of the written representations received from the company, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.



M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

With respect to the adequacy of the internal financial controls over financial reporting with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, and to the best of our information and according to the explanations given to us, the company has not paid/ provided any remuneration to its directors during the year.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations if any on its financial position in its financial statements – Refer 29.(D).4 to the financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts as at 31st March, 2020.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

FOR M/S P. G. BHAGWAT

Chartered Accountants

Firm Registration Number: 101118W



Nachiket Deo

Partner

Membership No: 117695

Pune

Date: 19 June 2020

UDIN: 20117695AAAAAX3028



Annexure A to Independent Auditors' Report (CARO)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) The fixed assets are physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) The Company does not own any immovable properties as disclosed in 'Note - 1 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.
- ii. 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. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- 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. In our opinion and according to information and explanation given to us, the Company has not accepted public deposits, hence the directive issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation given to us, no order has been passed against the company by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- 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 generally regular in depositing the undisputed statutory dues in respect of TDS under income tax and profession tax though there has been slight delay in few cases and is generally regular in depositing the undisputed statutory dues including employees' state insurance, provident fund, duty of customs, Goods and Service Tax, cess and other material statutory dues, as applicable, with the appropriate authorities.



M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

According to the information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March, 2020, for a period more than six months from the date they became payable.

- (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, sales tax, service tax, duty of customs and Goods and Service Tax, which have not been deposited on account of a 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 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 company has not paid any remuneration as defined under section 197 of the Companies Act, 2013 during the year. Accordingly provisions of the clause 3 (xi) of the Companies (Auditor's Report) Order, 2016 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 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015 as amended.
- Further, the Company has represented that it does 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 year 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.



M/s P. G. BHAGWAT
CHARTERED ACCOUNTANTS

- 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



Nachiket Deo
Partner
Membership No: 117695
Pune
Date: 19th June 2020
UDIN: 20117695AAAAAX3028



Annexure B to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Force MTU Power Systems Pvt Ltd

Report on the Internal Financial Controls with reference to Standalone Ind AS 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 Standalone (Ind AS) Financial Statements of Force MTU Power Systems Pvt Ltd ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone Ind AS 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 prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls with reference to standalone Ind AS financial statement, 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 with reference to standalone Ind AS financial statements were established and maintained and if such controls operated effectively in all material respects.



M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

Our audit involves performing procedures to obtain audit evidence about the adequacy of internal financial controls with reference to standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of such internal financial controls assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to standalone Ind AS financial statements

A company's internal financial control over financial reporting with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to standalone Ind AS 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 standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to standalone Ind AS financial statements.

Because of the inherent limitations of internal financial controls over financial reporting with reference to standalone Ind AS 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 over financial reporting with reference to standalone Ind AS financial Statements to future periods are subject to the risk that the internal financial controls over financial reporting with



M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

reference to standalone Ind AS 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 standalone Ind AS financial statements and such internal financial controls were operating effectively as at March 31,2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/S P. G. BHAGWAT

Chartered Accountants

Firm Registration Number: 101118W



Nachiket Deo

Partner

Membership No: 117695

Pune

Date: 19th June 2020

UDIN: 20117695AAAAAX3028



Force MTU Power Systems Private Limited
Balance Sheet as at 31 March 2020

Particulars	Note No.	₹ in Lakhs	
		As at 31 March 2020	As at 31 March 2019
ASSETS			
I. Non-current assets		8,693.62	896.48
(a) Property, plant and equipment	1	294.53	-
(b) Capital work-in-progress		7,217.18	180.26
(c) Other Intangible assets	2	348.31	-
(d) Financial assets			
(i) Other financial assets	3	233.68	164.16
(e) Other non-current assets	4	175.83	249.45
(f) Deferred tax asset	15	424.03	302.61
II. Current assets		9,708.61	1,203.61
(a) Inventories	5	4,007.39	81.10
(b) Financial assets			
(i) Trade receivables	6	54.77	-
(ii) Cash and cash equivalents	7a	4,082.45	914.84
(v) Loans	8	-	0.03
(vi) Other financial assets	9	4.30	2.36
(c) Current tax assets (net)	10	18.31	-
(d) Other current assets	11	1,541.39	205.28
Total Assets		18,402.23	2,100.09
EQUITY AND LIABILITIES			
Equity		13,058.36	1,802.55
(a) Equity share capital	12	15,620.00	2,620.00
(b) Other equity			
(i) General reserve	13	-	-
(ii) Retained earnings	13	(2,561.64)	(817.45)
Liabilities			
I. Non-current liabilities		60.19	22.31
(a) Financial liabilities			
(b) Long-term provisions	14	60.19	22.31
II. Current liabilities		5,283.68	275.23
(a) Financial liabilities			
(i) Trade and other payables	15		
a) total outstanding dues of micro enterprises and small enterprises	15	25.47	-
b) total outstanding dues of creditors other than micro enterprises and small enterprises	15	1,253.03	173.94
(ii) Other financial liabilities	17	3,913.23	-
(b) Other current liabilities	18	87.57	99.34
(c) Short-term provisions	13	4.38	1.95
Total Equity and Liabilities		18,402.23	2,100.09

Significant accounting policies 29
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 M/S. P. G. BHAGWAT
Chartered Accountants
Firm Registration Number: 101118W

NALINI KET DEVI
Partner
Membership Number: 117695

Pune: 19 June 2020

Director
DIN: 00029664
Pune Date: 19 June 2020

Premnand Vaidya
Chief Executive Officer

Director
DIN: 02092505
New Delhi Date: 19 June 2020



Force MTU Power Systems Private Limited
Statement of Profit and Loss for the year ended 31 March 2020

Particulars	Note No.	₹ in Lakhs	
		2019-20	2018-19
Income			
Revenue from operations	20	150.41	
Other income	21	209.39	49.25
Total Income		359.80	49.25
Expenses			
Cost of raw materials and components consumed	22	268.00	
Purchase of traded goods	23		
Changes in inventories of finished goods, work-in-progress and traded goods	24	(84.70)	
Employee benefits expense	25	651.88	450.12
Depreciation and amortisation expense	26	22.03	
Other Expenses	27	1,229.09	686.86
Total Expenses		2,080.50	1,136.98
Profit before exceptional items and tax		(1,720.50)	(1,087.73)
Exceptional items - (Expenses)/Income			
Profit / (loss) before tax		(1,720.50)	(1,087.73)
Tax expense	28	(111.42)	(301.56)
Current tax			
(Excess)/short provision related to earlier years		9.44	
Deferred tax		(120.86)	(301.56)
Profit / (loss) for the year		(1,809.08)	(786.17)
Other Comprehensive Income			
A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		(1.60)	(2.74)
Re measurement gains/(losses) on defined benefit plans		(2.16)	(3.79)
Income tax effect on above		0.56	1.05
Total comprehensive income for the year, net of tax		(1,810.84)	(788.91)

Earnings per equity share (nominal value per share ₹ 10/-) (31 March 2019: ₹ 10/-)

Basic	(1.65)	(5.21)
Diluted	(1.65)	(5.21)

Significant accounting policies 29
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 M/S. P. G. BHAGWAT
Chartered Accountants
Firm Registration Number: 101118W

NACHIKET DED
Partner
Membership Number: 117695

Pune: 19 June 2020



Director
DIN: 00029664
Pune: Date: 19 June 2020

Pramod Vaidya
Chief Executive Officer

Kishore K. Kulkarni
Director
DIN: 02092505
New Delhi Date: 19 June 2020.

Force MTU Power Systems Private Limited
Cash flow statement for the year ended 31 March 2020

Particulars	₹ In Lakhs	
	2019-20	2018-19
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Taxation	(1,720.50)	(1,087.73)
Add :	167.51	-
Depreciation	22.03	-
Fair Valuation of Security Deposit	(16.70)	-
Gain on foreign debtors/creditors restatement(Net)	162.18	-
Less :	188.35	36.30
Interest Income on Deposits	188.35	36.30
Operating profit before working capital changes	(1,741.34)	(1,124.03)
Working Capital Adjustments	(4,103.73)	(408.62)
(Increase)/Decrease in Inventories	(5,326.25)	(81.10)
(Increase)/Decrease in Trade Receivables	(50.41)	-
Increase/(Decrease) in Trade Payables	1,071.04	173.94
(Increase)/Decrease in Other Current & non-Current Assets	(1,086.66)	(454.73)
(Increase)/Decrease in Other Current & non-Current Financial Assets	(52.13)	(166.56)
Increase/(Decrease) in Current & Non-Current Liabilities	(11.78)	99.35
Increase/(Decrease) in Current & Non-Current Financial Liabilities	(85.66)	-
Increase/(Decrease) in provisions	38.15	20.48
Cash generated from operations	(5,845.07)	(1,532.65)
Less: Income tax paid	27.75	-
Net cash flow from operating activities	(5,872.82)	(1,532.65)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipments	(4,011.82)	(180.26)
Interest Received	185.76	36.30
Net cash flow from investing activities	(3,826.06)	(143.96)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity shares (net of share issue expenses)	12,866.49	2,591.46
Net cash flow from financing activities	12,866.49	2,591.46
Net increase/(decrease) in cash and cash equivalents	3,167.61	914.85
Opening Balances of Cash and Cash equivalents	914.84	-
Closing Balances of Cash and Cash equivalents (Refer Note 10a)	4,082.45	914.84

As per our attached report of even date

For and on behalf of the board of directors

FOR M/S. P. G. BHAGWAT
Chartered Accountants
Firm Registration Number : 101118W

NACHIKET DEO
Partner
Membership Number : 117695

Pune : 19 June 2020


Prashant Prasad
Director

DIN 00029664
Pune Date : 19 June 2020.


Pramod Vaidya



Kishore Jayaraman
Director
DIN : 02092505
New Delhi Date : 19 June 2020.



Forca MTU Power Systems Private Limited
Statement of changes in Equity for the year ended 31 March 2020

A. Equity Shares (Refer Note 13)		₹ in Lakhs	
Equity Shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount	
As at 01 April 2018			
Issue/Redemption of securities during the year	2,62,00,000	2,620.00	
As at 31 March 2019	2,62,00,000	2,620.00	
Issue/Redemption of securities during the year	13,62,00,000	13,620.00	
As at 31 March 2020	16,24,00,000	16,240.00	

Particulars	Reserves and Surplus		Items of OCI	Total equity
	General Reserve	Retained Earnings	Foreign currency translation reserve	
As at 01 April 2018				
Profit/Loss for the year		(786.17)		(786.17)
Other comprehensive income for the year		12.74		12.74
Total Comprehensive Income for the year		(773.43)		(773.43)
Transaction cost incurred on issue of shares		28.54		28.54
Final dividend for year ended 31 March 2018				
Tax on final dividend for the year ended 31 March 2018				
Interim dividend for year ended 31 March 2019				
Tax on interim dividend for the year ended 31 March 2019				
As at 31 March 2019		(817.45)		(817.45)
As at 01 April 2019		(817.45)		(817.45)
Profit/Loss for the year		(1,609.04)		(1,609.04)
Other comprehensive income for the year		11.60		11.60
Total Comprehensive Income for the year		(1,597.44)		(1,597.44)
Transaction cost incurred on issue of shares		133.51		133.51
Final dividend for year ended 31 March 2019				
Tax on final dividend for the year ended 31 March 2019				
Interim dividend for year ended 31 March 2020				
Tax on interim dividend for the year ended 31 March 2020				
As at 31 March 2020		(2,143.84)		(2,143.84)

As per our attached report of even date

For and on behalf of the board of directors

MR. NALIN P. G. BHAGWAT
 Chartered Accountant
 Firm Regd. No. Mumbai - 2011199
 Member
 Membership Number: 11995
 Pune 19 June 2020

[Signature]
 Director
 DIN: 00079844
 Pune Date: 19 June 2020

[Signature]
 Director
 DIN: 01092565
 Pune Date: 19 June 2020

[Signature]
 Pramod Valdyo
 Chief Executive Officer
 Pune Date: 19 June 2020



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 1 : Property Plant and Equipment

₹ in Lakhs

Particulars	Buildings	Plant and Equipment	Furniture and Fixture	Office Equipment	Computer Hardware	Total	Work in progress
Gross Block							
As At 31 March 2018	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	180.26
Recoupment/Adjustment	-	-	-	-	-	-	-
Deductions/Amortization	-	-	-	-	-	-	-
As At 31 Mar 2019	-	-	-	-	-	-	180.26
Additions	-	69.54	40.93	0.13	193.68	304.28	7,217.18
Recoupment/Adjustment	-	-	-	-	-	-	(180.26)
Deductions/Amortization	-	-	-	-	-	-	-
As At 31 Mar 2020	-	69.54	40.93	0.13	193.68	304.28	7,217.18
Depreciation							
As At 31 March 2018	-	-	-	-	-	-	-
For The Year	-	-	-	-	-	-	-
Recoupment/Adjustment	-	-	-	-	-	-	-
Deductions/Amortization	-	-	-	-	-	-	-
As At 31 Mar 2019	-	-	-	-	-	-	-
For The Year	-	1.58	0.42	0.01	7.68	9.69	-
Recoupment/Adjustment	-	-	-	-	-	-	-
Deductions/Amortization	-	-	-	-	-	-	-
As At 31 Mar 2020	-	1.58	0.42	0.01	7.68	9.69	-
Net Block							
As At 31 March 2018	-	-	-	-	-	-	-
As At 31 Mar 2019	-	-	-	-	-	-	180.26
As At 31 Mar 2020	-	67.96	40.51	0.12	186.00	294.59	7,217.18



15/1

Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 2 : Intangible Assets

₹ in Lakhs

Particulars	Computer Software	Technical Knowhow	Total
Gross Block			
As At 31 March 2018	-	-	-
Additions	-	-	-
Deductions/Amortization	-	-	-
As At 31 Mar 2019	-	-	-
Additions	305.89	54.76	360.65
Deductions/Amortization	-	-	-
As At 31 Mar 2020	305.89	54.76	360.65
Depreciation			
As At 31 March 2018	-	-	-
For The Year	-	-	-
Deductions/Amortization	-	-	-
As At 31 Mar 2019	-	-	-
For The Year	9.75	2.59	12.34
Deductions/Amortization	-	-	-
As At 31 Mar 2020	9.75	2.59	12.34
Net Block			
As At 31 March 2018	-	-	-
As At 31 Mar 2019	-	-	-
As At 31 Mar 2020	296.14	52.17	348.31

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 3 : Other financial assets (non current)

₹ in Lakhs

Particulars	As at	
	31 March 2020	31 March 2019
Security deposits (Unsecured, considered good)	207.59	164.16
Deposits with Govt-LT (Unsecured, considered good)	26.09	-
Total	233.68	164.16

Other financial assets are measured at amortised cost.

Fair value disclosures for financial assets & liabilities are stated in note 29 (D) (3) and fair value hierarchy disclosures for investment are also stated in note 29 (D) (3)

Refer note 29 (D) (7) On risk management objectives and policies for financial instruments

JSA



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 4 : Other non-current assets

₹ in Lakhs

Particulars	As at	As at
	31 March 2020	31 March 2019
Capital advances	175.83	-
Prepaid expenses	-	249.45
Total	175.83	249.45

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 5 : Inventories

₹ in Lakhs

Particulars	As at	As at
	31 March 2020	31 March 2019
Raw materials		
Raw materials and components	3,922.41	81.10
Work-in-progress	2.86	-
Finished goods	81.84	-
Stores and spares	0.28	-
Total	4,007.39	81.10

Inventories written down to net realisable value during the year ended 31st March 2020 ₹ 6.34 Lakhs (31st March 2019 ₹ Nil) were recognised as an expense in the statement of Profit & Loss during the year

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 6 : Trade receivables

₹ in Lakhs

Particulars	As at	As at
	31 March 2020	31 March 2019
Total Trade Receivables		
Trade receivables	54.77	-
Break-up for security details:		
Secured, considered good	-	-
Unsecured, considered good	54.77	-
Doubtful	-	-
Impairment Allowance for bad and doubtful debts	-	-
Total	54.77	-

Trade receivables are measured at amortised cost.

No trade or other receivables are due from directors or the officers of the Company either severally or jointly with any other person.

Refer note no. 29 (D) (3) For fair value disclosures of financial assets and financial liabilities and also note 29 (D) (3) For fair value hierarchy

Refer note 29 (D) (7) 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

ISA



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 7 : Cash and cash equivalents

₹ in Lakhs

Particulars	As at	As at
	31 March 2020	31 March 2019
Balance with Bank		
Current accounts and debit balance in cash credit	582.45	414.84
Deposits with original maturity of less than 3 months	3,500.00	500.00
Cash on hand		
Total	4,082.45	914.84

JSR



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 8 : Loans (Current)

₹ in Lakhs

Particulars	As at	As at
	31 March 2020	31 March 2019
Loans to employees (unsecured, considered good)	-	0.03
Total	-	0.03

1. Loans are measured at amortised cost.
2. Loans are non-derivative financial assets carried at amortised cost which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.
3. Refer Note 29 (D) (3) for fair value disclosure of financial assets and financial liabilities and also Note 29 (D) (3) for fair value hierarchy.
4. Refer Note 29 (D) (7) on risk management objectives and policies for financial instruments.

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Particulars	₹ in Lakhs	
	As at 31 March 2020	As at 31 March 2019
Others	4.30	2.36
Total	4.30	2.36

Other financial assets are measured at amortised cost.

Refer note 29 (D) (7) On risk management objectives and policies for financial instruments.

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 10 : Current tax assets (net)

₹ in Lakhs

Particulars	As at	As at
	31 March 2020	31 March 2019
Tax Paid in Advance (Net of Provision)	18.31	-
Total	18.31	-

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 11 : Other current assets

₹ in Lakhs

Particulars	As at	As at
	31 March 2020	31 March 2019
Advance to suppliers	349.48	-
Balance with Government authorities	-	205.28
Sales tax / VAT / GST receivable (net)	689.03	-
Prepaid expenses	502.88	-
Total	1,541.39	205.28

JB



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 2018	-	-
Increase/(decrease) during the year	2,62,00,000	2,620.00
At 31 March 2019	2,62,00,000	2,620.00
Increase/(decrease) during the year	22,38,00,000	22,380.00
At 31 March 2020	25,00,00,000	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 2018	-	-
Increase/(decrease) during the year	2,62,00,000	2,620.00
At 31 March 2019	2,62,00,000	2,620.00
Increase/(decrease) during the year	13,00,00,000	13,000.00
At 31 March 2020	15,62,00,000	15,620.00

Subscribed and fully paid up

Equity shares of ₹ 10 each

Particulars	No. of shares	₹ in Lakhs
At 1 April 2018	-	-
Increase/(decrease) during the year	2,62,00,000	2,620.00
At 31 March 2019	2,62,00,000	2,620.00
Increase/(decrease) during the year	13,00,00,000	13,000.00
At 31 March 2020	15,62,00,000	15,620.00

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 MTU Friedrichshafen GmbH	
	No. of Shares	% of Shareholding
At 1 April 2018		
No. of Shares	-	-
% of Shareholding	-	-
At 31 March 2019		
No. of Shares	1,33,62,000	1,28,38,000
% of Shareholding	51%	49%
At 31 March 2020		
No. of Shares	7,96,62,000	7,65,38,000
% of Shareholding	51%	49%

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 13 : Other Equity

₹ in Lakhs

Particulars	As at	As at
	31 March 2020	31 March 2019
General Reserve		
Opening Balance	-	-
Add : Transferred during the year	-	-
Closing Balance	-	-
Retained Earnings		
Opening Balance	(817.45)	-
Add : Profit for the year	(1,609.08)	(786.17)
Add : Other Comprehensive income/(Loss)	(1.60)	(2.74)
Less : Appropriations		
Transferred to General reserve		
Transaction cost incurred on issue of shares	133.51	28.54
Final dividend	-	-
Tax on final dividend	-	-
Interim Dividend	-	-
Tax on interim dividend	-	-
	(2,561.64)	(817.45)
Total	(2,561.64)	(817.45)

TSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 14 : Long-term provisions

₹ in Lakhs

Particulars	As at	As at
	31 March 2020	31 March 2019
Provision for employee benefits		
Provision for gratuity	22.09	8.76
Provision for leave encashment	38.10	13.55
Total	60.19	22.31

Refer note. No. 19 on short -term provisions

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 15 : Deferred tax asset (net)

₹ in Lakhs

Particulars	As at	As at
	31 March 2020	31 March 2019
Deferred Tax Assets		
Tax losses	406.40	295.86
Disallowances u/s 43 B of Income Tax Act	10.95	-
Defined benefit obligations	5.84	6.75
Amortisation of preliminary expenses U/s 35D	0.20	-
Exchange gain difference on asset purchased in foreign currency	24.62	-
Less : Deferred Tax Liability		
Depreciation	23.98	-
Total	424.03	302.61

Reconciliation of deferred tax assets / (liabilities), net

Particulars	31 March 2020	31 March 2019
Opening balance as at 1st April	302.61	-
Tax income/(expense) during the year recognised in profit or loss	120.86	301.56
Tax income/(expense) during the year recognised in profit or loss in OCI	0.56	1.05
Closing balance as at 31st March	424.03	302.61

Tax Losses

Particulars	31 March 2020	31 March 2019
Unused tax losses for which no deferred tax asset have recognised	-	-
Long term capital loss on sale of mutual fund	-	-
Potential tax benefit	-	-

52



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 16 : Trade and other payables

₹ in Lakhs

Particulars	As at	As at
	31 March 2020	31 March 2019
Due to micro, small and medium enterprises	25.47	-
Due to other than micro, small and medium enterprises	1,253.03	173.94
Total	1,278.50	173.94

Trade and other payables are measured at amortised cost.

For terms and conditions with related parties refer note 29 (D) (2).

For explanations on the Company's Foreign currency risk and liquidity risk management processes, refer to Note 29 (D) (7)

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 17 : Other financial liabilities (Current)

₹ in Lakhs

Particulars	As at	As at
	31 March 2020	31 March 2019
Payable for capital purchases	3,865.86	-
Employee benefits payable	47.34	-
Others	0.03	-
Total	3,913.23	-

Other financial liabilities are measured at amortised cost.

Refer note no. 29 (D) (3) For fair value disclosures of financial assets and financial liabilities and note 29 (D) (3) For fair value hierarchy

Refer note 29 (D) (7) On the Company's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note

IBB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 18 : Other Current liabilities

₹ in Lakhs

Particulars	As at	As at
	31 March 2020	31 March 2019
Advance from customers	39.39	-
Other payables		
Statutory dues including provident fund and tax deducted at source	46.58	63.08
Others	1.60	36.26
Total	87.57	99.34

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 19 : Short-term provisions

₹ in Lakhs

Particulars	As at	As at
	31 March 2020	31 March 2019
Provision for employee benefits		
Provision for gratuity	0.35	0.31
Provision for compensated absence	4.03	1.64
Total	4.38	1.95

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 funded plan.

b. Compensated absence

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

Refer no29 (D) (1) For details disclosure.

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 20 : Revenue from operations

₹ in Lakhs

Particulars	2019-20	2018-19
Sales of products	150.41	-
Sale of products	150.41	-
Total	150.41	-

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 21 : Other income

₹ in Lakhs

Particulars	2019-20	2018-19
Interest	205.05	40.08
On Bank Deposits	188.35	36.30
Unwinding of interest on security deposits	16.70	3.78
Gain on Exchange difference	-	2.32
Miscellaneous income	4.34	6.85
Total	209.39	49.25

Fair value gain / loss on financial instrument at fair value through profit or loss relates to gain /loss arising on fair value restatement of investment in mutual fund at balance sheet dates which are held as current or non-current investments.

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 22 : Cost of raw materials and components consumed

₹ in Lakhs

Particulars	2019-20	2018-19
Raw materials and components consumed	268.00	-
Total	268.00	-

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 23 : Purchases of Traded goods

₹ in Lakhs

Particulars	2019-20	2018-19
Purchase of Engines	-	-
Total	-	-

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 24 : Changes in inventories of finished goods, work-in-progress and tr; ₹ in Lakhs

Particulars	2019-20	2018-19
Opening inventory	-	-
Work-in-process	-	-
Finished goods	-	-
Traded goods	-	-
Closing Inventory	84.70	-
Work-in-process	2.86	-
Finished goods	81.84	-
Traded goods	-	-
Total	(84.70)	-

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 25 : Employee benefits expense

₹ in Lakhs

Particulars	2019-20	2018-19
Salaries, wages, bonus, commission, etc.	587.22	378.84
Gratuity and leave encashment (Ref note 29 (D) (1))	32.92	-
Welfare and training expenses	4.05	59.15
Provident and other funds' expenses	27.69	12.13
Total	651.88	450.12

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 26 : Depreciation and amortization expense

₹ in Lakhs

Particulars	2019-20	2018-19
Depreciation and amortization expense	22.03	-
Depreciation on Tangible assets	9.69	-
Amortization on Intangible assets	12.34	-
Total	22.03	-

JJB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 27 : Other Expenses

₹ in Lakhs

Particulars	2019-20	2018-19
Manufacturing expenses	18.71	-
Power and fuel	4.10	-
Repairs to machinery	0.24	-
Labour charges	3.46	-
Others manufacturing expenses	10.91	-
Selling expenses	1.25	-
Advertisement and publicity	1.23	-
Others selling expenses	0.02	-
Administration expenses	1,203	687
Rent	70.72	-
Rates and taxes	16.13	1.03
Insurance	7.95	2.74
Electricity charges	12.10	-
Travelling and conveyance	67.87	76.63
Communication expenses	1.51	-
Printing and stationery	0.66	3.87
Professional charges	742.19	35.63
Bank charges	9.74	-
Auditor's remuneration (Refer Note 29 (D) (5))	1.45	1.25
Miscellaneous expenses	11.02	26.97
Loss on Exchange difference (Net)	149.13	-
Site Development Expenses	112.66	538.74
Total	1,223.09	686.86

JSB



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 28 : Income tax

The note below details the major components of income tax expenses for the year ended 31 March 2020 and 31 March 2019. 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	2019-20	2018-19
Current tax	9.44	-
Current income tax	-	-
(Excess)/short provision related to earlier years	9.44	-
Deferred tax	(120.86)	(301.56)
Relating to origination and reversal or temporary difference	(120.86)	(301.56)
Income tax expense reported in the statement of profit and loss	(111.42)	(301.56)

Other Comprehensive Income (OCI)

Particulars	2019-20	2018-19
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	(0.56)	(1.05)
Deferred tax charged to OCI	(0.56)	(1.05)

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 2020 and 31 March 2019.

Particulars	2019-20	2018-19
Accounting profit before income tax expense	(1,720.50)	(1,087.74)
Tax @ 26.00% (31 March 2019 : 27.82%)	(447.33)	(302.61)
Tax effect of adjustments in calculating taxable income:	335.91	1.05
Permanent disallowances	32.34	-
Change due to tax rate difference	19.80	-
DTA reversal on tax loss	276.51	-
Others	(2.18)	1.05
(Excess)/short provision related to earlier years	9.44	-
At the effective income tax rate of 6.48 % (31 March 2019 : 27.72%)	(111.42)	(301.56)

JSB



Force MTU Power Systems Pvt Ltd

Note 29: Notes forming part of the financial statements for the year ended March 31, 2020

Corporate Information

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

Basis of Preparation of financial statement

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

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

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

The standalone financial statements were approved by board of directors and authorised for issue on 19th June 2020.

Significant accounting judgements estimates and assumptions

A. Judgment

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

JSB



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 on the date of bill of lading.

2. Leases

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

B. Estimates and assumptions

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

Uncertainty relating to Global health pandemic on COVID-19

The 'severe acute respiratory syndrome coronavirus 2' (SARS-CoV-2) virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian economy. On March 11, 2020 the COVID-19 outbreak was declared as a global pandemic by the World Health Organization. The Government of India declared a lock down effective from March 23, 2020 which was initially till April 14, 2020 and is thereafter extended till May 31, 2020. Since there was no access to under development premise where production line set up is also in progress, functions of the company have been affected to that effect.

The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19

JSB



pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Company. The company has made initial assessment of recoverability of its assets like capital work in progress and receivables and is reasonably certain that these need not be impaired as on 31st March 2020. 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

JSB



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.

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 Equipments are adjusted to the Statement of Profit and Loss.

JSB

6. 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. When significant parts of property, plant and equipment are required to be replaced at intervals, the company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Standalone Statement of Profit and Loss as incurred.

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

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

Depreciation and Amortization

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

Asset Category	Life in Years	Basis for useful life
Plant & Machinery	10-15	Life as prescribed under schedule II of Companies Act 2013. Wherever lower useful life considered in case of plant and machinery based on usage and technical assessment
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.

JSR

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

The company, based on technical assessments made by technical experts and management estimates, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

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

7. 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.

JSB



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

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 derecognition 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.

8. 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.

JSR



9. 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.

10. 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.

11. 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.

JSB



12. 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.

13. 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.

14. 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.

JSB



2 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
MTU India Private Limited

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

II	Transactions with related party	Transaction value	Closing balance	Transaction value	Closing balance
		For the period from April 1, 2019 to March 31, 2020	As at March 31, 2020	For the period from April 1, 2018 to March 31, 2019	As at March 31, 2019
i	Issue of Shares				
	Force Motors Limited	6,630.00	-	1,336.20	-
	MTU Friedrichshafen GmbH	6,370.00	-	1,283.80	-
ii	Purchase of Capital Goods				
	MTU Friedrichshafen GmbH	6,788.19	2,916.61		
iii	Purchase of Goods				
	MTU Friedrichshafen GmbH	777.13	615.57		
	MTU India Private Limited	785.35	-		
iv	Purchase of services				
	Force Motors Limited	401.49	289.07	955.68	33.23
v	Traning expenses				
	MTU Friedrichshafen GmbH	-	-	58.97	73.88
	MTU India Private Limited	1.60	-		
vi	Consultancy charges	253.10	-	25.69	
	MTU Friedrichshafen GmbH				
vii	Reimbrusment of expenses				
	MTU Friedrichshafen GmbH	10.65	-		
	Force Motors Limited	119.46			
viii	Purchase of drawing and design				
	Force Motors Limited	54.76	-		
ix	Certification expenses				
	MTU Asia Pte Ltd	-	-	0.05	0.05
x	Remuneration to Key management personnel				
i	Pramod Vaidya, Chief Executive Officer	95.81	7.98	17.08	7.98

JSB



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

A. Defined contribution plans:

Amount of Rs. 32.92 Lakhs is recognised as expenses and Included in Note No. 32 "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, 2020 : Changes in defined benefit obligation and plan assets											₹ in Lakhs	
	Gratuity cost charged to statement of profit and loss				Benefit paid	Remeasurement gains/(losses) in other comprehensive income					March 31, 2020	
	April 1, 2019	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 32)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		Contributions by employer
Gratuity												
Defined benefit obligation	9.07	10.52	0.69	11.21	-	-	-	2.09	-0.53	2.16	-	22.45
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	9.07	10.52	0.69	11.21	-	-	-	2.09	-0.53	2.16	-	22.45
Total benefit liability	9.07	10.52	0.69	11.21	-	-	-	2.09	-0.53	2.16	-	22.45

March 31, 2019 : Changes in defined benefit obligation and plan assets											₹ in Lakhs	
	Cost charged to statement of profit and loss				Benefit paid	Remeasurement gains/(losses) in other comprehensive income					March 31, 2019	
	April 1, 2018	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 32)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		Contributions by employer
Gratuity												
Defined benefit obligation	-	5.17	0.11	5.29	-	-	-	-	3.79	3.79	-	9.07
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	-	5.17	0.11	5.29	-	-	-	-	3.79	3.79	-	9.07
Total benefit liability	-	5.17	0.11	5.29	-	-	-	-	3.79	3.79	-	9.07

(b) Other long-term employment benefits

31 March 2020 : Changes in defined benefit obligation and plan assets of Compensated absences										
	Cost charged to statement of profit and loss				Benefit paid	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Contributions by employer	31 March 2020
	1 April 2018	Service cost	Interest cost	Sub-total included in statement of profit and loss (Note 33)						
Compensated absences										
Defined benefit obligation	15.19	26.93	-	26.93	-	-	-	-	-	42.13
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-
Benefit liability	15.19	26.93	-	26.93	-	-	-	-	-	42.13

31 March 2019 : Changes in defined benefit obligation and plan assets of Compensated absences											(₹ in Lakhs)
	Cost charged to statement of profit and loss				Benefit paid	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Contributions by employer	31 March 2019	
	1 April 2018	Service cost	Interest cost	Sub-total included in statement of profit and loss (Note 33)							
Compensated absences											
Defined benefit obligation	-	15.19	-	15.19	-	-	-	-	-	15.19	
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	
Benefit liability	-	15.19	-	15.19	-	-	-	-	-	15.19	

JSB



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

Particulars	₹ in Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
	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	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	6.10%	7.60%
Future salary increase	10.00%	10.00%
Expected rate of return on plan assets	-	-
Expected average remaining working lives (in years)		
Gratuity	8.81	8.81
Compensated Absences	8.81	8.81
Withdrawal rate (based on grade and age of employees)		
Gratuity	10.00%	10.00%
Compensated Absences	10.00%	10.00%

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

Particulars	Sensitivity level	₹ in Lakhs (increase) / decrease in defined benefit obligation (Impact)	
		Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	1% increase	1.85	0.70
	1% decrease	-2.13	-0.80
Future salary increase	1% increase	-1.81	-0.68
	1% decrease	1.62	0.61
Withdrawal rate	1% increase	0.42	0.10
	1% decrease	-0.47	-0.11

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

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

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

Particulars	₹ in Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
	Rs.	Rs.
Within the next 12 months (next annual reporting period)	0.35	0.31
Between 2 and 5 years	6.92	2.30
Beyond 5 years	50.66	33.32
Total expected payments	57.93	35.93

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

Particulars	₹ in Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
	Years	Years
Gratuity	14.11	14.11

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

Particulars	₹ in Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
	Rs.	Rs.
Gratuity	0.00	0.00



2 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

MTU India Private Limited

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

II	Transactions with related party (net of taxes)	Transaction value	Closing balance	Transaction value	Closing balance
		For the period from April 1, 2019 to March 31, 2020	As at March 31, 2020	For the period from April 1, 2018 to March 31, 2019	As at March 31, 2019
i	Issue of Shares				
	Force Motors Limited	6,630.00	-	1,336.20	-
	MTU Friedrichshafen GmbH	6,370.00	-	1,283.80	-
ii	Purchase of Capital Goods				
	MTU Friedrichshafen GmbH	6,788.19	2,916.61		
iii	Purchase of Goods				
	MTU Friedrichshafen GmbH	777.13	615.57		
	MTU India Private Limited	785.35	-		
iv	Purchase of services				
	Force Motors Limited	401.49	289.07	955.68	33.23
v	Traning expenses				
	MTU Friedrichshafen GmbH	-	-	58.97	73.88
	MTU India Private Limited	1.60	-		
vi	Consultancy charges				
	MTU Friedrichshafen GmbH	253.10	-	25.69	
vii	Reimbursement of expenses				
	MTU Friedrichshafen GmbH	10.65	-		
	Force Motors Limited	119.46			
viii	Purchase of drawing and design				
	Force Motors Limited	54.76	-		
ix	Certification expenses				
	MTU Asia Pte Ltd			0.05	0.05
x	Sale of Goods				
	MTU Friedrichshafen GmbH	50.40	54.77		
xi	Remuneration to Key management personnel				
i	Pramod Vaidya, Chief Executive Officer	95.81	7.98	17.08	7.98

JSD



3. Fair Value Measurement

Fair Values by category:

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

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Total Carrying value	Total Fair Value
Financial Assets:				
Other financial asset - non-current	233.68	-	233.68	233.68
Trade receivables - current	54.77	-	54.77	54.77
Cash and cash equivalents	4,082.45	-	4,082.45	4,082.45
Other financial asset - current	4.30	-	4.30	4.30
Financial Liabilities:				
Trade Payable	1,278.50	-	1,278.50	1,278.50
Other financial liabilities - current	3,913.23	-	3,913.23	3,913.23

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

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

JSB



4. Contingencies and Commitments:

Claims against the company not acknowledged as debt amount to Rs. 119.71 Lakhs (FY 18-19 – NIL).

Commitments:

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances)	458.31	-
Estimated amount of contracts remaining to be executed on revenue account and not provided for (net of Advances)	8698.68	-

5. Remuneration to auditors

(₹'in lacs)

Particulars	2019-20	2018-19
Audit fees	0.75	0.75
Tax audit fees	0.25	0.25
Other services	0.45	0.25
Total	1.45	1.25

6. 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 2020. The disclosure pursuant to the said Act is as under.

Particulars	2019-20	2018-19
Total outstanding to MSME Suppliers (Excluding Interest & Advance)	25.47	-
Payment made to suppliers beyond the appointed day during the year	14.77	-
Interest due and payable to suppliers under MSMED Act, for the payments already made	0.37	-
Interest due on principal amount remaining unpaid	0.22	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.59	-

JSB



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

7. 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.

Foreign currency risk

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

Foreign currency sensitivity

Nature of Exposure	Currency	31-Mar-20
Receivable	Euro	65,000
Payable	Euro	45,55,285
	USD	86,672
	CHF	42,119

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

JSS



Financial Year	Currency	Change in Rate	Effect of Profit before Tax	Effect on Pre-Tax equity
31-Mar-20	Euro	5%	(186.44)	(186.44)
		-5%	186.44	186.44
	USD	5%	(3.29)	(3.29)
		-5%	3.29	3.29
	CHF	5%	(1.68)	(1.68)
		-5%	1.68	1.68

(B) Liquidity risk

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

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

Maturities of financial liabilities

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

JSB



Particulars	On Demand	Less than 3 Months	3 months to 1 year	1 year to 5 year	More than 5 years	Total
31-Mar-20						
Trade payables	15.36	1,263.14	-	-	-	1,278.50
Other financial liabilities		3,913.23				3,913.23
Total	15.36	5,176.37	-	-	-	5,191.73
31-Mar-19						
Trade payables	-	173.94	-	-	-	173.94
Other financial liabilities	-	-	-	-	-	-
Total	-	173.94	-	-	-	173.94

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-20	31-Mar-19
Cash and cash equivalent	4,082.45	914.84
Net debt #	4,082.45	914.84

Particulars	31-Mar-20	31-Mar-19
Net Debt as on 1-Apr-19 #	914.84	-
Cashflows	3,167.61	914.84
Net debt as on 31-Mar-20 #	4,082.45	914.84

Positive value in Net debt signifies asset

(B) 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.

JSB



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

8. 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.

Note 30: Standards issued but not yet effective

Exposure draft on amendments to following standards have been issued by the Institute of Chartered Accountants of India:

1. Ind AS 1 "Presentation of Financial Statements" and Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
2. Ind AS 40, "Investment Property"
3. Ind AS 103, "Business Combinations"
4. Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments: Disclosure"

However, such exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2020 as at the date of approval of these financial statements.

JSB



NOTE 31: Previous year's figures have been re-grouped wherever considered necessary to make them comparable with those of the current year.

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

Signatures to note number 1 to 31, forming part financial statements

As per our attached report of even date

For and on behalf of the board of directors

FOR M/S. P. G. BHAGWAT
Chartered Accountants
Firm Registration Number :
101118W

NAEHIKET DEO
Partner
Membership Number :
117695

Pune : 19 June 2020


Prasad Prudhala
Director

DIN : 00029664
Pune Date : 19 June 2020.


Pramod Vaidya
Chief Executive Officer

Pune Date : 19 June 2020.


Kishore Jayaraman
Director

DIN : 02092505
New Delhi Date : 19 June 2020.

