

INDEPENDENT AUDITOR'S REPORT

To the Members of FORCE MTU POWER SYSTEMS PRIVATE LIMITED

Report on the Audit of the Indian Accounting Standards (Ind AS) Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of FORCE MTU POWER SYSTEMS PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 as amended ("the Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its loss (including Other Comprehensive Income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

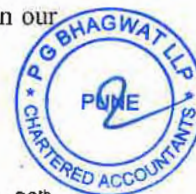
We conducted our audit of the Financials Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statement' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for financial year ended March 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matters below, our description of how our audit addressed the matter provided in that context.

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

Offices at: Mumbai | Kolhapur | Belgaum | Hubli | Dharwad | Bengaluru
M/s P.G. Bhagwat a partnership firm was converted and incorporated as Limited Liability Partnership from the 28th September 2020



Revenue recognition:

During the financial year the company has recognised revenue from contracts with customers for sale of goods and services of Rs. 7,829.40 Lakhs (Refer Note 22 of Financial Statements). Revenue is recognised as per revenue recognition policy described in Note 31.C.2.

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

Our audit methodology included the following:

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

Other Information

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Ind AS Financial Statement in place and the operating effectiveness of such controls.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the 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 Financial Statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

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- d) In our opinion, the aforesaid Financial Statements comply with Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.
- e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.
- 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer 31.D.6 to the Financial Statements.
 - (ii) The Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - (iii) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) (a) The management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the Financial Statements, if any, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) the management has represented to us, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the Financial Statements, if any, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified

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in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations made by the management and as mentioned under sub-clause (v)(a) and (v)(b) above contain any material misstatement.

(v) The Company has not declared or paid dividend during the year.

(vi) The requirement to the use of accounting software for maintaining Company's books of account which has a feature of recording audit trail (edit log) facility is deferred to financial years commencing on or after April 1, 2023, therefore reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 is not applicable for financial year ended on March 31, 2022.

For P G BHAGWAT LLP

Chartered Accountants

Firm Registration Number: 101118W/W100682



Nachiket Deo
Partner

Membership No: 117695

UDIN: 22117695AJPTRD3006

Pune

Date: May 25, 2022



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Annexure A to Independent Auditors' Report (CARO)

Referred to in paragraph 1 of our "Report on Other Legal and Regulatory Requirements" on even date

(i)	(a)	(A)	The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
		(B)	The Company is maintaining proper records showing full particulars of intangible assets
	(b)		The Property Plant and Equipment of the Company have been physically verified by the Management at reasonable intervals with regards to the size of the company and nature of its assets discrepancies noticed, if any, have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.
	(c)		In terms of the information and explanations given to us and the books of account and records examined by us the company does not have any immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee). Therefore reporting under clause 3(i)(c) of the order is not applicable.
	(d)		The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year. Accordingly provisions of Clause 3(i)(d) of the said Order are not applicable to the Company.
	(e)		According to the information and explanations provided to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder. Therefore reporting under clause 3(i)(e) of the order is not applicable.
(ii)	(a)		The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, if any, these have substantially been confirmed by them at substantial intervals. In our opinion and based on the policy adopted by the management, the coverage and procedure of such verification is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory as compared to book records and have been appropriately dealt with in the books of accounts.

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(b)	According to the information and explanations provided to us, the company has been sanctioned working capital limits in excess of five crore rupees during the year, in aggregate, from banks or financial institutions on the basis of security of current assets. The management of the company has provided us with the quarterly returns or statements, which they have represented to us have been filed by the company with their banks or financial institutions. In our opinion, these quarterly returns or statements are in agreement with the books of account of the Company.
(iii)	The company during the year has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Hence reporting under Clause (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e) and (iii)(f), of the said Order are not applicable to the Company.
(iv)	The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
(v)	In our opinion and according to information and explanation given to us, the Company has not accepted public deposits or amounts which are deemed to be 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. Therefore reporting under clause 3(vi) of the order is not applicable.



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(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 income tax, employees' state insurance, provident fund, though there has been slight delay in few cases and is generally regular in depositing the undisputed statutory dues including duty of customs, duty of excise, Goods and Service Tax, cess and other material statutory dues, as applicable, with the appropriate authorities. 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, 2022, for a period more than six months from the date they became payable except as stated below:											
		<table border="1"> <thead> <tr> <th>Name of the statute</th> <th>Nature of dues</th> <th>Amount (Rs. in lakhs)</th> <th>Period to which the amount relates</th> <th>Due date</th> <th>Date of Payment</th> </tr> </thead> <tbody> <tr> <td>Goods and Service Tax</td> <td>Integrated Goods and Service Tax</td> <td>523.03</td> <td>March 2021</td> <td>April, 20 2021</td> <td>April, 20 2022</td> </tr> </tbody> </table>	Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Due date	Date of Payment	Goods and Service Tax	Integrated Goods and Service Tax	523.03	March 2021	April, 20 2021
Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Due date	Date of Payment								
Goods and Service Tax	Integrated Goods and Service Tax	523.03	March 2021	April, 20 2021	April, 20 2022								
	(b)	According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub clause (a) which have not been deposited on account of any dispute.											
(viii)		In terms of the information and explanations given to us and the books of account and records examined by us, the Company has not surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Therefore reporting under clause 3(viii) of the order is not applicable.											
(ix)	(a)	According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender as at the balance sheet date.											
	(b)	According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.											

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	(c)	In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.
	(d)	According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that funds raised on short-term basis have, prima facie, not been used for long-term purposes by the company during the year.
	(e) & (f)	The company does not have any subsidiary, associate or joint venture, hence reporting under clause 3(ix)(e) and 3(ix)(f) of the order are not applicable.
(x)	(a)	In our opinion, and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) during the year. Accordingly, the provisions of Clause 3(x)(a) of the Order are not applicable to the Company.
	(b)	The Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year. Accordingly, the provisions of Clause 3(x)(b) of the Order are not applicable to the Company.
(xi)	(a)	During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the Management.
	(b)	During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, report in the form ADT-4 as specified under sub-section (12) of section 143 of the Companies Act has not been filed. Accordingly reporting under clause 3(xi)(b) of the order is not applicable.
	(c)	During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the company during the year.

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(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 Sections 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Further, the Company has represented that it is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provision of Clause 3(xiii) of the Order are not applicable to the Company.
(xiv)	(a)	In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act 2013.
	(b)	The company did not have an internal audit system for the period under audit. Hence reporting under clause 3(xiv)(b) is not applicable.
(xv)		According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
(xvi)	(a)	According to the information and explanation given to us, 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.
	(b)	According to the information and explanations given to us and procedures performed by us, we report that the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Therefore reporting under clause 3(xvi)(b) of the order is not applicable.
	(c)	According to the information and explanations given to us and procedures performed by us, the Company is not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, hence reporting under clause 3(xvi)(c) of the order is not applicable.

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	(d)	Based on information and explanation given to us and as represented by the management, the Group does not have any Core Investment Companies (CIC)s as part of the Group.
(xvii)		The Company has incurred cash losses amounting to Rs. 3,424.36 lakhs during current and had incurred cash losses amounting to Rs. 2,843.71 lakhs during immediately preceding financial year.
(xviii)		There has been no resignation by statutory auditors during the year hence reporting under clause 3(xviii) of the order is not applicable.
(xix)		According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
(xx)	(a)	There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects, requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.



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P G BHAGWAT LLP
Chartered Accountants
LLPIN: AAT: 9949

	(b) There are no unspent amounts towards Corporate Social Responsibility (CSR) in respect of ongoing projects requiring a transfer to a Special Account in compliance with sub-section (6) of Section 135 of the Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.
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For P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number: 101118W/W100682



Nachiket Deo
Partner
Membership No: 117695
UDIN: 22117695AJPTRD3006
Pune
Date: May 25, 2022

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Annexure B to the Independent Auditors' Report

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

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

We have audited the internal financial controls with reference to the Financial Statements of **Force MTU Power Systems Private Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (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 ('The Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the financial statements was established and maintained and if such controls operated effectively in all material respects.



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

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

Meaning of Internal Financial Controls with reference the financial statements

A company's internal financial control with reference to the financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to the financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the 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 financial statements.

Inherent Limitations of Internal Financial Controls with reference to the financial statements

Because of the inherent limitations of internal financial controls with reference to the financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the financial Statements to future periods are subject to the risk that the internal financial controls over financial reporting with reference to the financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

AUDIT REPORT OF FORCE MTU POWER SYSTEMS PRIVATE LIMITED (2021-22)

M/s P.G. Bhagwat a partnership firm was converted and incorporated as LLP from 28th September 2020



P G BHAGWAT LLP
Chartered Accountants
LLPIN: AAT:9949

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, adequate internal financial controls with reference to the financial statements and such internal financial controls with reference to the financial statements were operating effectively as at March 31, 2022, 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 P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number: 101118W/W100682



Nachiket Deo
Partner
Membership Number: 117695
UDIN: 22117695AJPTRD3006
Pune
Date: May 25, 2022



AUDIT REPORT OF FORCE MTU POWER SYSTEMS PRIVATE LIMITED (2021-22)

M/s P.G. Bhagwat a partnership firm was converted and incorporated as LLP from 28th September 2020

Force MTU Power Systems Pvt Ltd
Balance Sheet as at 31 March 2022

1 set

₹ in Lakhs

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
ASSETS			
I. Non-current assets		23,188.77	23,038.28
(a) Property, plant and equipment	1	10,464.59	11,076.73
(b) Capital work-in-progress	1	-	46.42
(c) Right to Use Asset	1	8,013.85	8,947.18
(d) Other Intangible assets	2	398.58	305.50
(e) Intangible assets under development	2	-	147.29
(f) Financial assets			
(i) Other financial assets	3	412.92	380.40
(g) Non-current tax assets (Net)	4	6.69	24.27
(h) Other non-current assets	5	1,542.32	856.44
(i) Deferred tax asset	15	2,349.82	1,254.05
II. Current assets		17,635.14	15,082.54
(a) Inventories	6	11,117.21	12,063.68
(b) Financial assets			
(i) Trade receivables	7	2,312.52	84.96
(ii) Cash and cash equivalents	8a	306.46	530.93
(iii) Bank balance other than (ii) above	8b	-	200.00
(iv) Other financial assets	9	287.27	4.21
(c) Current tax assets (net)	10	-	-
(d) Other current assets	11	3,611.68	2,198.76
Total Assets		40,823.91	38,120.82
EQUITY AND LIABILITIES			
Equity		16,739.42	15,616.66
(a) Equity share capital	12	25,000.00	20,620.00
(b) Other equity			
(i) General reserve	13	-	-
(ii) Retained earnings	13	(8,260.58)	(5,003.34)
Liabilities			
I. Non-current liabilities		13,501.04	11,733.85
(a) Financial liabilities			
(i) Borrowings	14	5,759.67	3,600.84
(ii) Lease Liability		7,655.94	8,045.74
(b) Long-term provisions	16	85.43	87.27
II. Current liabilities		10,583.45	10,770.31
(a) Financial liabilities			
(i) Borrowings	17	3,008.02	-
(ii) Trade and other payables	18		
a) total outstanding dues of micro enterprises and small enterprises	18	119.42	80.82
b) total outstanding dues of creditors other than micro enterprises and small enterprises	18	5,785.64	6,736.72
(iii) Lease Liability		389.80	352.85
(iv) Other financial liabilities	19	353.66	3,201.68
(b) Other current liabilities	20	757.57	384.94
(c) Short-term provisions	21	169.34	13.30
Total Equity and Liabilities		40,823.91	38,120.82

Significant accounting policies 31
The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

For and on behalf of the board of directors

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

Prasan Firodia
Director
DIN : 00029664
Pune Date : 25th May 2022

Kishore Jayaraman
Director
DIN : 02092505
New Delhi Date : 25th May 2022

Nachiket Deo
Partner
Membership No. 117695
Date: 25th May 2022
Pune.



Pramod Vaidya
Chief Executive Officer
Pune Date : 25th May 2022

Dinesh Patil
Chief Financial Officer
Pune Date : 25th May 2022

Niraj Tripathi
Niraj Tripathi
Company Secretary
Pune Date : 25th May 2022



Force MTU Power Systems Pvt Ltd
Statement of Profit and Loss for the year ended 31 March 2022

₹ in Lakhs

Particulars	Note No.	2021-22	2020-21
Income			
Revenue from operations	22	7,829.40	1,160.04
Other income	23	438.05	115.49
Total Income		8,267.45	1,275.53
Expenses			
Cost of raw materials and components consumed	24	6,737.02	1,542.81
Purchase of traded goods			
Changes in inventories of finished goods, work-in-progress and traded goods	25	(131.87)	(343.40)
Employee benefits expense	26	797.22	717.46
Finance costs	27	1,033.98	349.33
Depreciation and amortisation expense	28	1,785.01	513.14
Other Expenses	29	2,414.60	1,671.25
Total Expenses		12,635.96	4,450.59
Profit before exceptional items and tax		(4,368.51)	(3,175.06)
Exceptional items - (Expenses)/Income		-	-
Profit / (loss) before tax		(4,368.51)	(3,175.06)
Tax expense			
Current tax	30	(1,099.80)	(831.29)
(Excess)/short provision related to earlier years		-	-
Deferred tax		(1,099.80)	(831.29)
Profit / (loss) for the year		(3,268.71)	(2,343.77)
Other Comprehensive Income		11.47	3.62
A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		11.47	3.62
Re-measurement gains/(losses) on defined benefit plans		15.50	4.89
Income tax effect on above		(4.03)	(1.27)
Total comprehensive income for the year, net of tax		(3,257.24)	(2,340.15)

Earnings per equity share [nominal value per share ₹ 10/- (31 March 2021: ₹ 10/-)]

Basic	(1.34)	(1.19)
Diluted	(1.34)	(1.19)

Significant accounting policies

31


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


As per our attached report of even date

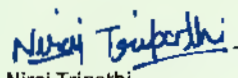
For and on behalf of the board of directors

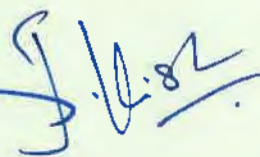
 For P G BHAGWAT LLP
 Chartered Accountants
 Firm registration No. 101118W/ W100682

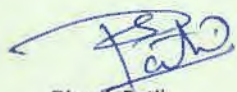

 Nachiket Deo
 Partner
 Date: 25th May 2022
 Pune.


 Prasan Firedia
 Director
 DIN : 00029664
 Pune Date : 25th May 2022


 Pramod Vaidya
 Chief Executive Officer
 Pune Date : 25th May 2022


 Niraj Tripathi
 Company Secretary
 Pune Date : 25th May 2022


 Kishore Jayaraman
 Director
 DIN : 02092505
 New Delhi Date : 25th May 2022


 Dinesh Patil
 Chief Financial Officer
 Pune Date : 25th May 2022


Force MTU Power Systems Pvt Ltd
Statement of Cash Flow the year ended 31 March 2022

Particulars	2021-22	2020-21
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	(4,368.51)	(3,175.06)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Add :		
Depreciation and Amortisation	1,785.01	513.14
Loss / (Profit) on Revalorisation on Imports	31.25	67.98
Loss on Write down of inventory to its NRV	9.94	(2.94)
Finance cost	1,033.98	349.33
	2,860.18	927.51
Less :		
Unwinding of interest on deposits	35.17	27.71
Interest received (Finance income)	1.71	69.69
Provisions no longer required written back	8.16	-
(Loss) / Profit on Revalorisation on Exports	2.35	-
(Loss) / Profit Derivative Liability accounted for as FVTPL	287.27	(58.37)
(Loss) / Profit on Revalorisation on Forex Loans	61.88	(18.73)
(Loss) / Profit on Revalorisation on EEFC Revalorisation	6.25	-
	402.78	20.30
Operating Profit before working capital changes	(1,911.12)	(2,267.85)
<i>Working Capital Adjustments</i>		
Increase / (Decrease) in Liabilities		
(Increase) / Decrease in Trade and Other Receivables	(3,635.48)	(1,604.29)
(Increase) / Decrease in Inventories	936.53	(8,053.35)
Increase / (Decrease) in Trade and other Payables	(677.27)	5,835.14
Increase / (Decrease) in Provisions	169.70	40.89
	(3,206.52)	(3,781.61)
Net Cash generated from operations	(5,117.63)	(6,049.46)
Direct taxes paid	17.58	(5.96)
NET CASH FLOW FROM OPERATING ACTIVITIES	(5,100.05)	(6,055.42)
CASH FLOW FROM INVESTING ACTIVITIES		
Add :		
Interest received (Finance income)	5.92	69.78
	5.92	69.78
Less :		
Investment in fixed deposits with bank	(200.00)	200.00
Payments for Purchase of Property, Plant and Equipment	3,558.48	5,360.16
	3,358.48	5,560.16
NET CASH GENERATED FROM INVESTING ACTIVITIES	(3,352.56)	(5,490.38)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	5,228.73	3,582.11
Finance Cost	(219.73)	-
Repayment of Lease Liability	(1,167.11)	(486.29)
Issue of equity Shares	4,380.00	4,898.45
NET CASH USED IN FINANCING ACTIVITY	8,221.89	7,994.27
Net increase / (decrease) in cash and cash equivalents	(230.72)	(3,551.52)
Opening Cash and Cash equivalents	530.93	4,082.45
Closing Cash and Cash equivalents (Refer Note 8a)	300.21	530.93
Cash and Cash Equivalent included in statement of cash flows includes-		
Cash and Cash equivalent as per Balance Sheet (Refer Note 8a)	306.46	530.93
Less:-Unrealised Exchange loss on cash and cash equivalent	(6.25)	-
Closing Cash and Cash equivalents	300.21	530.93

As per our attached report of even date

For and on behalf of the board of directors

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

Nachiket Deo
Partner
Date: 25th May 2022
Pune.



Prasan Firodia
Director
DIN : 00029664
Pune Date : 25th May 2022

Pranod Vaidya
Chief Executive Officer
Pune Date : 25th May 2022

Niraj Tripathi
Niraj Tripathi
Company Secretary
Pune Date : 25th May 2022

Kishore Jayaraman
Director
DIN : 02092505
New Delhi Date : 25th May 2022

Dinesh Patil
Chief Financial Officer
Pune Date : 25th May 2022



Force MTU Power Systems Pvt Ltd

Statement of changes in Equity for the year ended 31 March 2022

A. Equity Share Capital (Refer Note 12)

₹ In Lakhs

Equity Shares of Rs 10 each issued, subscribed and fully paid	No. of Shares	Amount
As at 1 April 2020	15,62,00,000	15,620
Issue/Reduction, if any during the year	5,00,00,000	5,000
As at 31 March 2021	20,62,00,000	20,620
Issue/Reduction, if any during the year	4,38,00,000	4,380
As at 31 March 2022	25,00,00,000	25,000

B. Other Equity (Refer Note 13)

₹ in Lakhs

Particulars	Reserves and Surplus		Items of OCI	Total equity
	General Reserve	Retained Earnings	Foreign currency translation reserve	
At at 01 April 2020		(2,561.64)		(2,561.64)
Profit/(Loss) for the year		(2,343.77)		(2,343.77)
Other comprehensive income for the year		3.62		3.62
Total Comprehensive income for the year	-	(2,340.15)	-	(2,340.15)
Transaction cost incurred on issue of shares	-	101.55	-	101.55
Final dividend for year ended 31 March 2020		-		-
Tax on final dividend for the year ended 31 March 2020		-		-
Interim dividend for year ended 31 March 2021		-		-
Tax on Interim dividend for the year ended 31 March 2021		-		-
As at 31 March 2021	-	(5,003.34)	-	(5,003.34)
As at 01 April 2021		(5,003.34)		(5,003.34)
Profit/(Loss) for the year		(3,268.71)		(3,268.71)
Other comprehensive income for the year		11.47		11.47
Total Comprehensive income for the year	-	(3,257.24)	-	(3,257.24)
Transaction cost incurred on issue of shares	-	-	-	-
Final dividend for year ended 31 March 2021		-		-
Tax on final dividend for the year ended 31 March 2021		-		-
Interim dividend for year ended 31 March 2022		-		-
Tax on Interim dividend for the year ended 31 March 2022		-		-
As at 31 March 2022	-	(8,260.58)	-	(8,260.58)


As per our attached report of even date

For and on behalf of the board of directors

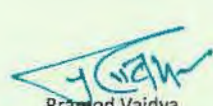
 For P G BHAGWAT LLP
 Chartered Accountants
 Firm registration No. 101118W/ W100682




Nachiket Deo
 Partner
 Date: 25th May 2022
 Pune.

Prasan Firodia
 Director
 DIN : 00029664
 Pune Date : 25th May 2022



Pramod Vaidya
 Chief Executive Officer
 Pune Date : 25th May 2022



Niraj Tripathi
 Company Secretary
 Pune Date : 25th May 2022



Kishore Jayaraman
 Director
 DIN : 02092505
 New Delhi Date : 25th May 2022



Dinesh Patil
 Chief Financial Officer
 Pune Date : 25th May 2022



Force MTU Power Systems Private Limited

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

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

₹ In Lakhs

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

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

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

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



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 2 : Intangible Assets

₹ in Lakhs

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

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



Disclosure in Financials as per Schedule III:

CWIP Under Development	As At 31 March 2022				Total	As At 31 March 2021				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
1. Projects in Progress	-	-	-	-	-	193.71	-	-	-	193.71
a) Plant & Machinery	-	-	-	-	-	46.42	-	-	-	46.42
b) Computer Softwares	-	-	-	-	-	147.29	-	-	-	147.29
2. Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-

- (i) There are no capital working in progress (CWIP) as on 31st March 2022
(ii) There are no intangible assets under development as on 31st Mar 2022



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 2022	31 March 2021
Security deposits (Unsecured, considered good)	386.83	354.31
Deposits with Govt-LT (Unsecured, considered good)	26.09	26.09
Total	412.92	380.40

Other financial assets are measured at amortised cost.

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

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



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 4 : Non-Current tax assets (net)

₹ in Lakhs

Particulars	As at	As at
	31 March 2022	31 March 2021
Tax Paid in Advance (Net of Provision)	6.69	24.27
Total	6.69	24.27



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 5 : Other non-current assets

₹ in Lakhs

Particulars	As at	As at
	31 March 2022	31 March 2021
Capital advances	1,542.32	856.44
Total	1,542.32	856.44



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 6 : Inventories

₹ in Lakhs

Particulars	As at 31 March 2022	As at 31 March 2021
Raw materials		
Raw materials and components	10,557.17	11,635.22
Raw materials in transit	-	-
Work-in-progress		
Work-in-progress	19.91	397.10
Finished goods		
Finished goods	540.06	31.00
Traded goods		
Traded goods	-	-
Stores and spares		
Stores and spares	0.07	0.36
Total	11,117.21	12,063.68

Inventories written down to net realisable value during the year ended 31st March 2022 ₹ 9.94 (31st March 2021 Nil) were recognised as an expense in the statement of Profit & Loss during the year

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



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 7 : Trade receivables

₹ in Lakhs

Particulars	As at	As at
	31 March 2022	31 March 2021
Total Trade Receivables		
Trade receivables	2,312.52	84.96
Break-up for security details:		
Secured, considered good	-	-
Unsecured, considered good	2,312.52	84.96
Doubtful	-	-
Loss Allowance (for expected credit loss under simplified approach)	-	-
Total	2,312.52	84.96

Trade receivable which have significant increase in credit risk: ₹ NIL (₹ NIL in FY 2020-21)

Trade receivable - credit impaired : ₹ NIL (₹ NIL in FY 2020-21)

Trade receivables are measured at amortised cost.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. There are no trade and other receivable due from firms and private companies respectively in which any director is a partner, a director or a member as on 31 March, 2022 (₹ NIL as on 31 March, 2021). Refer Note 31 (D) (2) for terms and conditions related to Related party receivables.

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



Force MTU Power System Private Limited
Notes to Financial Statements for the year ended 31 March 2022
(All amounts in ₹ Lakhs, unless otherwise stated)

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

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

As on 31 March 2021										
Sr. No.	Particulars	Total Receivables	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
					< 6 months	6 months to 1 year	1-2 years	2-3 years	> 3 years	
		1=2+3+9	2	3	4	5	6	7	8	9=4 to 8
a)	Undisputed Trade Receivables									
	i) considered good	84.96		40.31	44.65	-	-	-	-	44.65
	ii) which have significant increase in credit risk									
	iii) credit impaired	-	-	-	-	-	-	-	-	-
b)	Disputed Trade Receivables									
	i) considered good	-	-	-	-	-	-	-	-	-
	ii) which have significant increase in credit risk	-	-	-	-	-	-	-	-	-
	iii) credit impaired	-	-	-	-	-	-	-	-	-
	Sub Total	84.96	-	40.31	44.65	-	-	-	-	44.65
	Less: Provision for doubtful debts	-	-	-	-	-	-	-	-	-
	Total Trade Receivables	84.96	-	40.31	44.65	-	-	-	-	44.65



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 8a : Cash and cash equivalents

₹ in Lakhs

Particulars	As at	As at
	31 March 2022	31 March 2021
Balance with Bank		
Current accounts and debit balance in cash credit accounts	306.46	230.93
Deposits with original maturity of less than 3 months	-	300.00
Cash on hand		
Total	306.46	530.93

Note 8b : Bank balance other

Particulars	As at	As at
	31 March 2022	31 March 2021
Deposits with original maturity of more than three months but less than 12 months	-	200.00
Total	-	200.00

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



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 9 : Other financial assets (Current)

₹ in Lakhs

Particulars	As at	
	31 March 2022	31 March 2021
Accrued interest on FD	-	4.21
Derivative Asset	287.27	-
Total	287.27	4.21

Other financial assets are measured at amortised cost.

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



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 10 : Current tax assets (net)

₹ in Lakhs

Particulars	As at	
	31 March 2022	31 March 2021
Tax Paid in Advance (Net of Provision)	-	-
Total	-	-

In advance are considered as non current unless they are Receivable



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Particulars	₹ in Lakhs	
	As at 31 March 2022	As at 31 March 2021
Advance to suppliers	1,290.53	1,059.66
GST receivable (Net)	2,287.67	1,129.95
Prepaid expenses	33.48	9.15
Total	3,611.68	2,198.76



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 2020	25,00,00,000	25,000.00
Increase/(decrease) during the year		
At 31 March 2021	25,00,00,000	25,000.00
Increase/(decrease) during the year		
At 31 March 2022	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 2020	15,62,00,000	15,620.00
Increase/(decrease) during the year	5,00,00,000	5,000.00
At 31 March 2021	20,62,00,000	20,620.00
Increase/(decrease) during the year	4,38,00,000	4,380.00
At 31 March 2022	25,00,00,000	25,000.00

Subscribed and fully paid up

Equity shares of ₹ 10 each

Particulars	No. of shares	₹ in Lakhs
At 1st April 2020	15,62,00,000	15,620.00
Increase/(decrease) during the year	5,00,00,000	5,000.00
At 31 March 2021	20,62,00,000	20,620.00
Increase/(decrease) during the year	4,38,00,000	4,380.00
At 31 March 2022	25,00,00,000	25,000.00

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

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

Name of the Shareholder	Force Motors Limited	MTU Friedrichshafen GmbH
At 31 March 2021		
No. of Shares	10,51,62,000	10,10,38,000
% of Shareholding	51%	49%
At 31 March 2022		
No. of Shares	12,75,00,000	12,25,00,000
% of Shareholding	51%	49%

Shares held by Promoters as at 31st March 2021				% change during the year
Sr No	Promoter Name	No Of Shares	% of total shares	
1	Force Motors Limited	105,162,000	51%	32.01
2	Rolls-Royce Solutions GmbH (formerly known as MTU Friedrichshafen GmbH)	101,038,000	49%	32.01
	Total	206,200,000	100%	
Shares held by Promoters as at 31st March 2022				% change during the year
Sr No	Promoter Name	No Of Shares	% of total shares	
1	Force Motors Limited	127,500,000	51%	21.24
2	Rolls-Royce Solutions GmbH (formerly known as MTU Friedrichshafen GmbH)	122,500,000	49%	21.24
	Total	250,000,000	100%	



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 13 : Other Equity

₹ in Lakhs

Particulars	As at	
	31 March 2022	31 March 2021
General Reserve		
Opening Balance	-	-
Add : Transferred during the year	-	-
Closing Balance	-	-
Retained Earnings		
Opening Balance	(5,003.34)	(2,561.64)
Add : Profit for the year	(3,268.71)	(2,343.77)
Add : Other Comprehensive income/(Loss)	11.47	3.62
Less : Appropriations		
Transferred to General reserve		
Transaction cost incurred on issue of shares	-	101.55
	(8,260.58)	(5,003.34)
Total	(8,260.58)	(5,003.34)



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 14 : Borrowings (Non-current)

₹ in Lakhs

Particulars	As at 31 March 2022	As at 31 March 2021
Secured loans from bank		
Foreign currency term loan	5,759.67	3,600.84
Total	5,759.67	3,600.84

Borrowings are measured at amortised cost.

Term Loans from Banks

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

Term Loan of INR 7019.80 Lakhs to be repaid in 20 equal quarterly installments of INR 350.99 Lakhs each starting from June 2022 at rate of interest 3.61% p.a.

During the company has availed additional USD loan of USD 48.21 Lakh (USD 48.45 lakh) and has swapped the same against Euro Loan of Euro 40.67 Lakhs (41.34 Lakh Euro) which is converted into functional currency. The company has availed moratorium of 12 months from the SCOD. Accordingly company will start repaying loan starting from Q1 FY 22-23.

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

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

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

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

Period	As at 31 March 2022	As at 31 March 2021
Upto Three Months	207.16	-
More than Three Months Up to One Year	1,052.96	-
More than One Year Up to Three Years	4,211.88	1,443.36
More than Three Years Up to Five Years	1,547.79	1,443.36
More than Five Years		714.12



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 15 : Deferred tax asset (net)

₹ in Lakhs

Particulars	As at	As at
	31 March 2022	31 March 2021
Deferred Tax Assets		
Tax losses	2,702.34	1,398.75
Disallowances u/s 43 B of Income Tax Act	13.02	14.69
Defined benefit obligations	10.29	9.16
Amortisation of preliminary expenses U/s 35D	0.10	0.15
Right to use Asset	193.30	58.83
Exchange gain difference on asset purchased in foreign currency	(2.02)	-
Less : Deferred Tax Liability		
Depreciation	492.52	241.95
MTM (loss)/Gain	74.69	(14.42)
Total	2,349.82	1,254.05

Reconciliation of deferred tax assets / (liabilities), net

Particulars	31 March 2022	31 March 2021
Opening balance as at 1st April	1,254.05	424.03
Tax income/(expense) during the year recognised in profit or loss	1,099.80	831.29
Tax income/(expense) during the year recognised in profit or loss in OCI	(4.03)	(1.27)
Closing balance as at 31st March	2,349.82	1,254.05

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

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



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 16 : Long-term provisions

₹ in Lakhs

Particulars	As at	As at
	31 March 2022	31 March 2021
Provision for employee benefits		
Provision for gratuity	39.15	34.94
Provision for leave encashment	46.28	52.33
Total	85.43	87.27

Refer note. No. 21 on short -term provisions



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 17 : Borrowings (Current)

₹ in Lakhs

Particulars	As at	
	31 March 2022	31 March 2021
Secured loans from bank		
Cash Credit	1,747.89	-
Current maturity of long terms de	1,260.13	-
Total	3,008.02	-

Borrowings are measured at amortised cost.

Company's fund and non fund based working capital facilities of INR 7,500.00 Lakhs are secured by first charge by way of hypothecation on the whole of the current assets of the Company both present and future and also the second charge on the whole of the movable Plant and machinery and other fixed assets of the Company in favour of HDFC Bank Limited - Pune.

The unutilised portion of company's fund based Limit is INR 3,252.11 Lakhs.

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

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

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

The quarterly returns or statements of current assets filed by the Company with Banks are in agreement with the books of Accounts of the Company.



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 18 : Trade and other payables

₹ in Lakhs

Particulars	As at	As at
	31 March 2022	31 March 2021
Due to micro, small and medium enterprises	119.42	80.82
Due to other than micro, small and medium enterprises	5,785.64	6,736.72
Total	5,905.06	6,817.54

Trade and other payables are measured at amortised cost.

Due to Mico, Small and Medium Entrprises includes provision for Interest to MSME of 3.74 Lakhs (2.81 Lakhs in FY 2020-21)

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

For explanations on the Company's Foreign currency risk and liquidity risk management



Force MTU Power System Private Limited

Notes to Financial Statements for the year ended 31 March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

Trade Payables

- (A) Total outstanding dues of Micro and Small enterprises
 (B) Total outstanding dues other than Micro and Small enterprises
Total Trade Payables

	As at 31 March 2022	As at 31 March 2021
(A)	119.42	80.82
(B)	5,785.63	6,736.72
Total Trade Payables	5,905.06	6,817.54

Trade Payables aging Schedule: -

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

As on 31 March 2021							
Particulars	Unbilled Dues	Not due	Outstanding for following periods from due date of payment				Total
			<1 year	1 - 2 years	2 - 3 years	>3 years	
(a) MSME	-	72.45	7.78	0.59	-	-	80.82
(b) Others	772.53	311.74	4,983.69	668.75	-	-	6,736.72
(c) Disputed dues -	-	-	-	-	-	-	-
(d) Disputed dues -	-	-	-	-	-	-	-
TOTAL	772.53	384.20	4,991.47	669.34	-	-	6,817.54



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 19 : Other financial liabilities (Current)

₹ in Lakhs

Particulars	As at	As at
	31 March 2022	31 March 2021
Payable for capital purchases	295.54	3,029.24
Employee benefits payable	58.04	114.07
Derivative liability	-	58.37
Other	0.08	-
Total	353.66	3,201.68

Other financial liabilities are measured at amortised cost.

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

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



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 20 : Other Current liabilities

₹ in Lakhs

Particulars	As at	
	31 March 2022	31 March 2021
Advance from customers	39.72	23.56
Statutory dues including provident fund and tax deducted at source	707.70	361.38
Others	10.15	-
Total	757.57	384.94



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Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 21 : Short-term provisions

Particulars	₹ in Lakhs	
	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits		
Provision for gratuity	0.43	0.30
Provision for compensated absence	3.81	4.18
Others		
Warranty Provision	165.10	8.82
Total	169.34	13.30

1. Employee benefit obligations

a. Gratuity

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

b. Compensated absence

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

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

Other Provisions

Warranty

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

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

Particulars	₹ in Lakhs
At 31 March 2021	8.82
Arising during the year (Net)	158.38
Utilised	(2.10)
Unused amount reversed	-
At 31 March 2022	165.10

b. Breakup of Warranty Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Current	165.10	8.82
Non-current	-	-
Total	165.10	8.82



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 22 : Revenue from operations

₹ in Lakhs

Particulars	2021-22	2020-21
Sales of products (Refer note 31 (D) (4))	7,814.91	1,150.60
Sale of products	7,812.43	1,094.61
Sale of services	2.48	55.99
Operating income	14.49	9.44
Sale of scrap	6.33	8.43
Export incentives	-	1.01
Provisions no longer required written back	8.16	-
Total	7,829.40	1,160.04

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



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 23 : Other income

₹ in Lakhs

Particulars	2021-22	2020-21
Interest income on financial assets measured at amortised cost	38.91	97.40
-On Bank Deposits	1.71	69.69
-Unwinding of interest on security deposits	35.17	27.71
-On Income tax refund	2.03	-
Exchange Gain on transection of asset & liabilities	374.84	-
Miscellaneous income	24.30	18.09
Total	438.05	115.49



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 24 : Cost of raw materials and components consumed

₹ in Lakhs

Particulars	2021-22	2020-21
Raw materials and components consumed	6,737.02	1,542.81
Total	6,737.02	1,542.81



Force MTU Power Systems Private Limited

Notes to the Financial Statements

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

Particulars	₹ in Lakhs	
	2021-22	2020-21
Opening inventory	428.10	84.70
Work-in-process	397.10	2.86
Finished goods	31.00	81.84
Traded goods	-	-
Closing Inventory	559.97	428.10
Work-in-process	19.91	397.10
Finished goods	540.06	31.00
Traded goods	-	-
Total	(131.87)	(343.40)



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 26 : Employee benefits expense

₹ in Lakhs

Particulars	2021-22	2020-21
Salaries, wages, bonus, commission, etc.	726.94	643.94
Gratuity and leave encashment (Ref note 31 (D) (1))	19.28	34.66
Welfare and training expenses	15.49	7.45
Contribution to provident and other funds	35.51	31.41
Total	797.22	717.46



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Particulars	₹ in Lakhs	
	2021-22	2020-21
Interest Expenses	219.73	-
Interest on Lease Liability	814.25	349.33
Total	1,033.98	349.33



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 28 : Depreciation and amortization expense

₹ in Lakhs

Particulars	2021-22	2020-21
Depreciation and amortization expense	1,785.01	513.14
Depreciation on Tangible assets & ROU Asset	1,682.77	438.24
Amortization on Intangible assets	102.24	74.90
Total	1,785.01	513.14



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 29 : Other Expenses

₹ in Lakhs

Particulars	2021-22	2020-21
Manufacturing expenses	251.97	158.61
Power and fuel	127.30	112.77
Labour charges	35.31	9.49
Others manufacturing expenses	89.36	36.35
Selling expenses	221.86	50.31
Travelling and conveyance	37.50	37.46
Advertisement and publicity	1.53	2.65
Warranty Expenses	158.38	8.82
Others selling expenses	1.91	1.38
Royalty Expenses	22.54	-
Administration expenses	1,940.77	1,462.33
Rent	34.05	67.88
Rates and taxes	10.58	24.57
Insurance	60.59	5.65
Repairs and maintenance	70.17	64.94
Electricity charges	15.63	17.43
Communication expenses	2.93	1.39
Printing and stationery	9.14	4.77
Professional charges *	1,666.48	1,047.80
Bank charges	6.79	7.84
Auditor's remuneration (Refer Note 31 (D) (7))	2.02	1.75
Miscellaneous expenses	62.39	9.12
Loss on Exchange difference (Net)	-	209.19
Total	2,414.60	1,671.25

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



Force MTU Power Systems Private Limited

Notes to the Financial Statements

Note 30 : Income tax

The note below details the major components of income tax expenses for the year ended 31 March 2022 and 31 March 2021. 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	2021-22	2020-21
Current tax	-	-
Current income tax	-	-
(Excess)/short provision related to earlier years	-	-
Deferred tax	(1,099.80)	(831.29)
Relating to origination and reversal or temporary difference	(1,099.80)	(831.29)
Income tax expense reported in the statement of profit and loss	(1,099.80)	(831.29)

Other Comprehensive Income (OCI)

Particulars	2021-22	2020-21
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	4.03	1.27
Deferred tax charged to OCI	4.03	1.27

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 2022 and 31 March 2021.

Particulars	2021-22	2020-21
Accounting profit before income tax expense	(4,368.51)	(3,175.06)
Tax @ 26.00% (31 March 2021 : 26.00%)	(1,135.81)	(825.52)
Tax effect of adjustments in calculating taxable income:	31.99	(5.78)
Permanent disallowances	9.38	7.10
DTA reversal on tax loss	23.76	(12.87)
Others	-	(0.01)
(Excess)/short provision related to earlier years	(1.15)	-
At the effective income tax rate of 25.27 % (31 March 2021 : 26.18%)	(1,103.82)	(831.30)



Force MTU Power Systems Pvt Ltd

Note 31: Notes forming part of the financial statements for the year ended March 31, 2022

Corporate Information

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

Basis of Preparation of financial statement

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

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

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

The financial statements were approved by board of directors and authorised for issue on 25th May 2022.

Significant accounting judgements estimates and assumptions

A. Judgment

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



1. Revenue Recognition

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

2. Leases

The company had applied provisions of Ind AS 116 effective 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 financial statements. The assumptions and estimates, however, may change based on future developments, due to market conditions or due to circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions and estimates when they occur.

Defined benefit plans

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

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



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

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

Deferred Tax

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

Warranty

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

Uncertainty relating to Global health pandemic on COVID-19

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

The company has made assessment of recoverability of its assets like property plant equipment, intangible assets, capital work in progress and receivables and is reasonably certain that these need not be impaired as on 31st March 2022. However the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration which may be different from that estimated as at the date of approval of these financial results, and the Board will continue to closely monitor the developments.



C. Significant Accounting Policies

1. Current Vs Non-current classification

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

An asset is current when it is:

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

All other assets are classified as non - current.

A liability is current when it is:

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

All other liabilities are treated as non - current.

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

2. Revenue recognition

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

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



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

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

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

3. Other Incomes

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

4. Functional and presentation currency

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

5. Foreign currency transactions and translation

Transactions and balances

- (i) Foreign Currency transactions are recorded at the rate of exchange on the date of the transaction.
- (ii) Monetary items of Assets and Liabilities booked in foreign currency are translated in to rupee at the exchange rate prevailing at the Balance Sheet date.
- (iii) Exchange difference resulting from settlement of such transaction and from translation of monetary items of Assets and Liabilities are recognized in the Statement of Profit and Loss.
- (iv) Exchange difference arising on translation of foreign currency liabilities for acquisition of Property, Plant and Equipment are adjusted to the Statement of Profit and Loss.
- (v) The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it)



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

6. Derivatives

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

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

7. Property, Plant and Equipment:

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

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

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



Depreciation and Amortization

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

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

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

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

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

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

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

Security:

As at 31st March 2022, Properties, Plant & Equipment with a carrying amount of INR 10,464.59 Lakhs (31st March 2021, 11,076.73) are subject to first charge to secure bank loan. Refer note 14 "Borrowings".



8. Intangible assets:

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

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

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

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

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

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

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



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

Security:

As at 31st March 2022, intangible assets with a carrying amount of INR 398.58 Lakhs (31st March 2021, 305.50) are subject to first charge to secure bank loan. Refer note 14 "Borrowings".

9. Leases

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

a. Company as a lessee

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

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

Right-of-use Asset

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



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

Lease Liability

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

Lease Modification

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

b. Company as a lessor

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

10. Inventories

Inventories are valued at lower of their cost or net realizable value. The cost of raw materials, stores and consumables is measured on moving weighted average basis. Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

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

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

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



11. Employee benefits

Post-employment obligations

The Company operates the following post-employment schemes:

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

- (a) Defined benefit plans - gratuity:

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

- (b) Defined contribution plans - provident fund:

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

12. Financial instruments

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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



13. Share capital

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

14. Earnings per share

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

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

15. Cash Flow Statement

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

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

16. Taxes

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

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

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

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



GST

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

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

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

17. Segment

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

18. Provisions & Contingent Liabilities

Provision:

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

Contingent liability:

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



D: Additional notes to financial statement

1. Disclosure pursuant to Employee benefits

D Additional notes to financial statement

1 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of Rs. 19.28 Lakhs (Rs.34.66 Lakhs for 2020-21) is recognised as expenses and Included in Note No. 26 "Employee Benefits Expense"

B. Defined benefit plans:

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

(a) Gratuity

March 31, 2022 : Changes in defined benefit obligation and plan assets

	Gratuity cost charged to statement of profit and loss				Benefit paid	Remeasurement gains/(losses) in other comprehensive income				
	April 1, 2021	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 26)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI
Gratuity										
Defined benefit obligation	35.24	17.41	2.43	19.84	-	-	-	-0.78	-14.72	-15.50
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-
Benefit liability	35.24	17.41	2.43	19.84	-	-	-	-0.78	-14.72	-15.50
Total benefit liability	35.24	17.41	2.43	19.84	-	-	-	-0.78	-14.72	-15.50

March 31, 2021 : Changes in defined benefit obligation and plan assets

	Cost charged to statement of profit and loss				Benefit paid	Remeasurement gains/(losses) in other comprehensive income				
	April 1, 2020	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 26)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI
Gratuity										
Defined benefit obligation	22.45	16.31	1.37	17.68	-	-	2.47	-3.04	-4.32	-4.89
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-
Benefit liability	22.45	16.31	1.37	17.68	-	-	2.47	-3.04	-4.32	-4.89
Total benefit liability	22.45	16.31	1.37	17.68	-	-	2.47	-3.04	-4.32	-4.89

(b). Other long-term employment benefits

31 March 2022 : 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
	1 April 2021	Service cost	Interest cost	Sub-total included in statement of profit and loss (Note 26)				
Compensated absences								
Defined benefit obligation	56.51	-6.42	-	-6.42	-	-	-	-
Fair value of plan assets	-	-	-	-	-	-	-	-
Benefit liability	56.51	-6.42	-	-6.42	-	-	-	-

31 March 2021 : Changes in defined benefit obligation and plan assets of Compensated absences

(Rs. in Lakhs)

	Cost charged to statement of profit and loss				Benefit paid	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments
	1 April 2020	Service cost	Interest cost	Sub-total included in statement of profit and loss (Note 26)				
Compensated absences								
Defined benefit obligation	42.13	14.38	-	14.38	-	-	-	-
Fair value of plan assets	-	-	-	-	-	-	-	-
Benefit liability	42.13	14.38	-	14.38	-	-	-	-



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, 2022	Year ended March 31, 2021
	Rs.	Rs.
Special Deposit Scheme	-	-
(%) of total plan assets	-	-
Insured managed funds	-	-
(%) of total plan assets	-	-
Others	-	-
(%) of total plan assets	-	-

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

Particulars	₹ in Lakhs	
	Year ended March 31, 2022	Year ended March 31, 2021
Discount rate	7.10%	6.90%
Future salary increase	10.00%	10.00%
Expected rate of return on plan assets	-	-
Expected average remaining working lives (in years)		
Gratuity	10.98	11.18
Compensated Absences	10.98	11.18
Withdrawal rate (based on grade and age of employees)		
Gratuity	7.00%	7.00%
Compensated Absences	7.00%	7.00%

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

Particulars	Sensitivity level	₹ in Lakhs	
		(increase) / decrease in defined benefit obligation (Impact)	
		Year ended March 31, 2022	Year ended March 31, 2021
Discount rate	1% increase	3.59	3.32
	1% decrease	-4.16	-3.86
Future salary increase	1% increase	-3.61	-3.36
	1% decrease	3.20	2.97
Withdrawal rate	1% increase	0.67	0.67
	1% decrease	-0.76	-0.75

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, 2022	Year ended March 31, 2021
Discount rate	1% increase	4.17	4.80
	1% decrease	-4.81	-5.53
Future salary increase	1% Increase	-4.13	-4.76
	1% decrease	3.68	4.24
Withdrawal rate	1% increase	-3.96	-4.35
	1% decrease	4.50	4.95



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

Particulars	Year ended	Year ended
	March 31, 2022	March 31, 2021
	Rs.	Rs.
Within the next 12 months(next annual reporting period)	0.43	0.30
Between 2 and 5 years	13.50	10.74
Beyond 5 years	86.23	77.29
Total expected payments	100.16	88.33

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

Particulars	Year ended	Year ended
	March 31, 2022	March 31, 2021
	Years	Years
Gratuity	14.83	15.44

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

Particulars	Year ended	Year ended
	March 31, 2022	March 31, 2021
	Rs.	Rs.
Gratuity	0.00	0.00



2 Related party transactions

(a) Related parties and their relationship

(i) Where control exists:

Joint Venturer	
i	Rolls Royce Solutions GmbH (Formerly MTU Friedrichshafen GmbH)
ii	Force Motors Limited

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

MTU Asia Pte Ltd
MTU India Private Limited
Rolls-Royce Solution America

Key management personnel	
i	Abhaykumar Firodia, Director
ii	Prasan Firodia, Director
iii	Prashant Inamdar, Director
iv	Tobias Ostermaier, Director
v	Petar Pelemis, Director
vi	Kishore Jayaraman, Director
vii	Pramod Vaidya, Chief Executive Officer
viii	Jayant Barve, Chief Financial Officer up to 30th June-21
ix	Dinesh Patil, Chief Financial Officer w.e.f 16th Dec-21
x	Niraj Tripathi, Company Secretary

II	Transactions with related party (including Taxes)	Transaction value		Closing balance	
		For the period from April 1, 2021 to March 31, 2022	As at March 31, 2022	For the period from April 1, 2020 to March 31, 2021	As at March 31, 2021
i	Issue of Shares				
	Force Motors Limited	2,233.80	-	2,550.00	-
	Rolls-Royce Solutions GmbH	2,146.20	-	2,450.00	-
ii	Purchase of Capital Goods				
	Force Motors Limited	11.00	-	-	-
iii	Purchase of Services (Capital Nature)				
	Rolls-Royce Solutions GmbH	-	-	3,195.08	2,875.40
	Force Motors Limited	-	-	35.28	32.48
iv	Purchase of Goods				
	Rolls-Royce Solutions GmbH	2,117.61	2,956.08	1,996.68	2,345.13
	MTU India Private Limited	-	-	248.53	-
v	Purchase of services				
	Force Motors Limited	655.88	1,449.97	620.03	846.51
vi	Traning expenses				
	MTU India Private Limited				
vii	Consultancy charges				
	Rolls-Royce Solutions GmbH	483.31	483.31	132.60	120.05
	MTU India Private Limited	707.97	252.95	414.80	141.31
viii	Reimbursement of expenses				
	Rolls-Royce Solutions GmbH	76.88	76.88	-	-
	Force Motors Limited	4.72	4.72	-	-
ix	Purchase of drawing and design				
	Force Motors Limited	-	-	-	-
x	Sale of Goods				
	MTU India Private Limited	10.35	10.35	304.98	49.28
	Rolls-Royce Solution America Inc (refer note below (i) & (ii))	1,684.23	1,150.69	-	-
	Rolls-Royce Solutions GmbH (refer note below (i) & (ii))	5,079.55	1,269.85	-	-
	MTU Asia Pte. Ltd	-	1.92	1.92	1.92
xi	Royalty				
	Rolls-Royce Solutions GmbH	22.54	22.54	-	-
xii	Remuneration to Key management personnel				
	i Pramod Vaidya, Chief Executive Officer	103.99	-	99.91	14.29
	ii Jayant Barve, Chief Financial Officer up to 30th June-21	7.74	-	29.68	2.00
	iii Dinesh Patil, Chief Financial Officer w.e.f 16th Dec-21	11.16			
	iv Niraj Tripathi, Company Secretary	5.40			

(I) GRN pending good in transit not considered

(II) Without giving impact of sales cut off in accordance with Ind AS 115



Transactions entered into with related party are made in ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2022, the company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2021: ₹ Nil).

3. Fair Value Measurement

Fair Values by category:

The carrying value and fair value of financial instruments by categories as of March 31, 2022 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Total Carrying value	Total Fair Value
Financial Assets:				
Other financial asset - non-current	412.92	-	412.92	412.92
Trade receivables - current	2,312.52	-	2,312.52	2,312.52
Cash and cash equivalents	306.46	-	306.46	306.46
Bank balance	-	-	-	-
Other financial asset - current	-	287.27*	287.27	287.27
Financial Liabilities:				
Borrowings (Current & Non-current)	8,767.69	-	8,767.69	8,767.69
Lease liability – non current	7,655.94	-	7,655.94	7,655.94
Lease liability – current	389.80	-	389.80	389.80
Trade payable (Including MSME)	5,905.06	-	5,905.06	5,905.06
Other financial liabilities - current	353.66	-	353.66	353.66

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



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

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

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

4. Revenue Recognition

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

(₹ in Lakhs)

Particulars	Domestic Business	Export Business*	Total
Revenue from contracts with customers	1,048.54	6,766.37	7,814.91

*Includes deemed export amounting to Rs 178.40 lakhs.

The company generally recognizes revenue when the performance obligation is satisfied at a point in time when the control is transferred i.e. either on shipment or upon delivery in domestic and in case of export ex-works. The payment is due from the date of sales and are generally on terms of 30 days to 90 days.



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

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

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

(₹ in Lakhs)

Particulars	2021-22	2020-21
Revenue as per Contract	7,814.91	1,150.60
Less : Discounts and Incentives	-	-
Revenue from contracts with customers	7,814.91	1,150.60

5. Disclosure pursuant to Ind AS 116 "Leases"

Note XX : Disclosure pursuant to Ind AS 116 "Leases"

1) Where the Company is a lessee:

a. Profit and Loss information

Depreciation charge on right-of-use assets:

Particulars	2021-22	2020-21
Building	933.00	386.12
Total	933.00	386.12

Interest expense on lease liabilities:

Particulars	2021-22	2020-21
Building	814.25	349.33
Total	814.25	349.33

Others

Particulars	2021-22	2020-21
Expense recognised in respect of low value leases	-	-
Expense recognised in respect of short term leases	-	-
Aggregate undiscounted commitments for short-term leases	-	-

b. Maturity analysis of lease liabilities

Particulars	As at 31-March-2022	As at 31-March-2021
Less than 1 year	389.80	352.85
Between 1 year to 5 years	3,936.56	2,301.98
More than 5 years	3,719.38	5,743.76

c. Total cash outflow for leases

Particulars	2021-22	2020-21
Cash Outflow for the lease payments (including advance payments)	1,167.11	486.29
Short term leases and low-value asset leases not included in the measurement of the liabilities	-	-
Total	1,167.11	486.29



6. Contingencies and Commitments:

Claims against the company not acknowledged as debt amount to Rs. 2,759.62 Lakhs (FY 20-21 – Rs.498.67 Lakhs).

Commitments:

(₹ in Lakhs)

	March 31, 2022	March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances)	1,567.55	1,749.33

7. Remuneration to auditors

(₹ in lacs)

Particulars	2021-22	2020-21
Audit fees	0.75	0.75
Tax audit fees	0.25	0.25
Other services	0.45	0.45
Certification fees	0.25	0.05
Reimbursement of expenses	0.32	0.25
Total	2.02	1.75

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

The company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act) as at 31 Mar 2022. The disclosure pursuant to the said Act is as under.

Particulars	2021-22	2020-21
Total outstanding to MSME Suppliers (Excluding Interest & Advance)	115.68	78.01
Payment made to suppliers beyond the appointed day during the year	114.13	112.83
Interest due and payable to suppliers under MSMED Act, for the payments already made	0.89	2.16
Interest due on principal amount remaining unpaid	0.05	0.05
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	3.74	2.81



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

9. Financial risk management

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

(A) Market risk

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

i) Interest rate risk

a. Exposure

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

	(₹ in Lakhs)	
Particulars	As at 31st March 2022	As at 31st March 2021
Long Term Fixed Interest Loan	7,019.79	3,600.84
Short Term Floating Interest Loan	1,747.89	-
b) Interest Rate Sensitivity		
		(₹ in Lakhs)
31-Mar-22	+50 bps	8.739
	-50 bps	-8.739

ii) Foreign currency risk (Hedged & Unhedged)

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



Foreign currency sensitivity

Nature of Exposure	Currency	31-Mar-22	31-Mar-21
Receivable	Euro	42,54,107	13,65,539
	USD	6,42,701	-
	CHF	-	53,446
Payable	Euro	126,69,361	99,80,093
	USD	-	2,55,499

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

Financial Year	Currency	Change in Rate	Effect of Profit before Tax	Effect on Pre-Tax equity
31-Mar-22	Euro	5%	-364.60	-360.13
		-5%	364.60	360.13
	USD	5%	24.20	-24.47
		-5%	-24.20	24.47

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



B) Liquidity risk

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

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

Maturities of financial liabilities

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

Particulars	On Demand	Less than 3 Months	3 months to 1 year	1 year to 5 year	More than 5 years	Total
31-Mar-22						
Borrowings	1747.89	207.16	1052.96	5,759.67	-	8,767.69
Lease liability	-	93.84	295.96	3,936.56	3,719.38	8,045.74
Trade payables	4,855.58	1,049.48	-	-	-	5,905.06
Other financial liabilities	0.07	58.04	295.54	-	-	353.66
Total	6,603.54	1,408.52	1,644.46	9,696.23	3,719.38	23,072.15
31-Mar-21						
Borrowings	-	-	-	2,886.72	714.12	3,600.84
Lease liability	-	153.65	199.20	2,301.98	5,743.76	8,398.59
Trade payables	3,511.55	3,305.99	-	-	-	6,817.54
Other financial liabilities	58.37	3,143.31	-	-	-	3,201.68
Total	3,569.92	6,602.95	199.20	5,188.70	6,457.88	22,018.65

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-22	31-Mar-21
Cash and cash equivalent	306.46	530.93
Borrowings	(8,767.69)	(3,600.84)
Net debt #	(8,461.23)	(3,069.91)

Particulars	31-Mar-22	31-Mar-21
Net Debt as on 1-Apr-21 #	(3,069.91)	4082.45
Cash flows	(5,391.32)	(7,152.36)
Net debt as on 31-Mar-22 #	(8,461.23)	(3,069.91)

Positive value in Net debt signifies asset

(C) Credit risk

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

Credit risk management

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

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

10. Capital Management

(a) Risk management

The Company's objectives when managing capital are to

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

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

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



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

11. Segment

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

Particulars	Domestic Business	Export Business	Total
Revenue from contracts with customers	1,048.54	6,766.37	7,814.91

All the assets of the company are located in India.

Net Revenue from two customer of the company is (2021-22 ₹ 6,477.59) lakhs (2020-21 ₹ 623.40) which is more than 10 percent of the company's total revenue.

12. Earnings Per Share (Basic and Diluted)

Particulars	2021-22	2020-21
Loss for the year after tax (₹ in Lakhs)	3,268.71	2,343.77
Total number of equity shares at the end of the year (One Equity share of face value of ₹ 10/- each)	25,00,00,000	20,62,00,000
Weighted average number of equity shares for the purpose of computing Earnings Per Share	24,35,20,000	19,67,47,945
Basic and Diluted Earnings Per Share (in ₹)	(1.34)	(1.19)

13. Benami Properties.

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

14. Struck Off Companies.

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



15. Number of Layers of Companies.

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

16. Approved scheme of arrangements.

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

17. Undisclosed Income.

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

18. Crypto Currency or Virtual Currency.

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

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

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

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

20. Statement of registration and satisfaction of charges.

For 31st March 2022

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

For 31st March 2021

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



21. Ratios.

Sr No	Ratio	Numerator	Denominator	Numerator	Denominator	Description	As at 31st March-2022	As at 31st March-2021	Variance	Reasons For Variance
1	Current Ratio	Current Assets	Current Liabilities	17,635.14	10,583.46	The current ratio indicates the company overall liquidity position.	1.67	1.40	18.99%	Change not significant.
2	Debt Equity Ratio	Total Debt	Shareholders Equity	8,767.69	16,739.41	Debt to equity ratio compares company total debt to shareholder's equity.	0.52	0.23	127.16%	Due to increase in debt component as compared to earlier years.
3	Debt Service Coverage Ratio	Earning Available for Debt Service	Debt Service	-449.73	1,386.84	Debt Service Coverage Ratio is used to analyze the companies ability to pay off current interest and installments.	0.32	3.05	-89.35%	During current year the company has started its business more effectively as compared to previous year.
4	Return On Equity	Net Profit After Taxes (-) Preference Dividend (If Any)	Average Shareholders Equity	3,268.72	16,178.04	It measures the profitability of equity funds invested in the company.	-20.20%	-16.35%	23.60%	Due to accumulated losses and delayed start of actual business operations.
5	Inventory Turnover Ratio	Sales of Product	Average Inventory	7,812.63	11,590.45	This ratio measures the efficiency at which the company utilizes or manages its inventory.	0.67	0.14	394.81%	Inventory levels are comparatively similar in CY and PY. However sales has increased in CY.
6	Trade Receivable Turnover Ratio	Sales	Closing Balance Trade Receivables	7,821.24	2,312.52	This ratio measures the efficiency at which the entity is managing the receivables.	3.38	13.64	-75.21%	Due to increase in collection period in CY.
7	Trade Payable Turnover Ratio	Total Purchases	Closing Balance Trade Creditors	5,814.43	5,965.06	This ratio measures the number of times sundry creditors have been paid during the period.	0.98	0.91	7.83%	Change not significant.
8	Net Capital Turnover Ratio	Sales	Working Capital	7,814.91	7,051.68	The ratio indicates a companies effectiveness in using its working capital.	1.11	0.27	315.34%	Improvement is due to better utilization of funds during CY as operations has started.
9	Net Profit Ratio	Net Profit	Sales	-4,268.72	7,814.91	This ratio measures the relationship between net profit and sales of the business.	-41.83%	-203.70%	-79.67%	During current year the company has started its business more effectively as compared to previous year.
10	Return On Capital Employed	Earning before Interest and taxes	Capital Employed	-3,334.54	25,507.10	Return On Capital Employed indicates the ability of company management to generate returns for both the debt holders and the equity holders.	-13.07%	-14.70%	-11.09%	Change not significant.

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



Note 32: Standards issued but not yet effective

Amendment to Indian Accounting Standard Rules, 2015

The Ministry of Corporate Affairs (MCA) on 5 April 2022, vide Notification dated 23 March 2022 has issued Companies (Indian Accounting Standard) Amendment Rules, 2022 in consultation with the National Financial Reporting Authority (NFRA).

The notification states that these rules shall be applicable from 1 April 2022 and would thus be applicable for the financial year ending 31 March 2023.

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

Particulars	Explanation
Amendments to Ind AS 16, "Property, Plant and Equipment"	The amendments to Ind AS 16 issued by the Ministry of Corporate Affairs amends provisions regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.
Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets"	The amendments to Ind AS 37 issued by the Ministry of Corporate Affairs amends provisions regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.
Amendments to 41, "Agriculture"	The amendments to Ind AS 41 issued by the Ministry of Corporate Affairs amends provisions to remove a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in Ind AS 41 with those in other Ind AS's.
Amendments to 101, "First-time Adoption of Indian Accounting Standards"	The amendments to Ind AS 101 issued by the Ministry of Corporate Affairs amends provisions to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
Ind AS 103, "Business Combination"	The amendments to Ind AS 103 issued by the Ministry of Corporate Affairs amends provisions to: - substitute the word 'Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework)' with the words 'Conceptual Framework of Financial Reporting in Ind AS'. - add to Ind AS 103 a requirement that, for transactions and other events within the scope of Ind AS 37, an acquirer applies Ind AS 37 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a Business combination - add to Ind AS 103 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.
Ind AS 109, "Financial Instruments"	The amendments to Ind AS 109 issued by the Ministry of Corporate Affairs amends provisions to prescribe the treatment of fees involved during exchange between an existing borrower and lender of debt instruments with substantially different terms. The amendment clarifies that if an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability



Exposure Drafts:

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


Particulars	Explanation
Amendments to Ind AS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of Accounting Estimates	The exposure draft on amendments to Ind AS 8 issued by the Institute of Chartered Accountants of India proposes amendments to introduces a new definition of 'accounting estimates'. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.
Amendments to Ind AS 12, "Income Taxes" - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The exposure draft on amendments to Ind AS 12 issued by the Institute of Chartered Accountants of India proposes amendments to introduce an exception to the initial recognition exemption in Ind AS 12 whereby an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendments would apply to transactions that occur on or after the beginning of the earliest comparative period presented.
Amendments to: Ind AS 1, "Presentation of Financial Statements", Ind AS 34, "Interim Financial Reporting" and Ind AS 107, "Financial Instruments: Disclosures" - Disclosures of Accounting Policies	The exposure draft on amendments to Ind AS 1 issued by the Institute of Chartered Accountants of India proposes amendments whereby an entity will be required to disclose only its material accounting policy information instead of its significant accounting policies. The amendment explain how an entity can identify material accounting policy information. Consequential amendments are proposed for Ind AS 107, Financial Instruments: Disclosures, and Ind AS 34, Interim Financial Reporting.
New Indian Accounting Standard (Ind AS) 117, Insurance Contracts	The exposure draft of Ind AS 117 is issued by the Institute of Chartered Accountants of India as replacement for Ind AS 104 Insurance Contracts. Further, amendments have also been proposed to the exposure draft to add a transition option relating to comparative information about financial assets presented on initial application of Ind AS 117

The above exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2022 as at the date of approval of these financial statements. On issue of the amendment by MCA, the Company would evaluate the impact of the change in the financial statements.

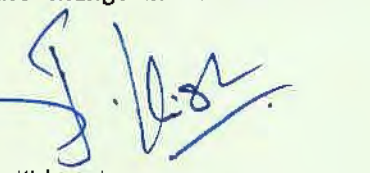
For P G BHAGWAT LLP
Chartered Accountants
Firm registration No. 101118W/ W100682




Nachiket Deo
Partner
Date: 25th May 2022
Pune.

Prasan Firodia
Director
DIN : 00029664
Pune Date : 25th May 2022



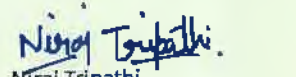
Kishore Jayaraman
Director
DIN : 02092505
New Delhi Date : 25th May 2022



Pramod Vaidya
Chief Executive Officer
Pune Date : 25th May 2022



Dinesh Patil
Chief Financial Officer
Pune Date : 25th May 2022



Niraj Tripathi
Company Secretary
Pune Date : 25th May 2022

