Cummins Sales & Service Private Limited

Financial Statements as on 31st March, 2019

Walker Chandiok & Co LLP
21st Floor, DLF Square
Jacaranda Marg, DLF Phase II
Gurugram 122002
India

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Independent Auditor's Report

To the Members of Cummins Sales & Service Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Cummins Sales & Service Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. 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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for the other information. Other information 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.

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If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

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

5. 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 state of affairs (financial position), profit or loss (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 Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

7. 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

8. 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 Standards on Auditing 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.

9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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.

10. 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.

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

Report on Other Legal and Regulatory Requirements

12. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

13. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

14. Further to our comments in Annexure A, 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 purpose 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 financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;

    f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 13 May 2019 as per Annexure B expressed unmodified;

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g) 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 does not have any pending litigations which would impact its financial position as at 31 March 2019;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019;

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anamitra Das
Partner
Membership No.: 062191

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Place: Gurugram
Date: 13 May 2019

Annexure A to the Independent Auditor's Report of even date to the members of Cummins Sales & Service Private Limited, on the financial statements for the year ended 31 March 2019

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year except for goods in transit. No material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Section 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Annexure A to the Independent Auditor's Report of even date to the members of Cummins Sales & Service Private Limited, on the financial statements for the year ended 31 March 2019

(b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anamitra Das
Partner
Membership No.: 062191

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Place: Gurugram
Date: 13 May 2019

Annexure B to the Independent Auditor's Report of even date to the members of Cummins Sales & Service Private Limited on the financial statements for the year ended 31 March 2019

Annexure B

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the financial statements of Cummins Sales & Service Private Limited ('the Company') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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 the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

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

5. 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 IFCoFR.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Annexure B to the Independent Auditor's Report of even date to the members of Cummins Sales & Service Private Limited on the financial statements for the year ended 31 March 2019

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, 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 ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anamitra Das
Partner
Membership No.: 062191

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Place: Gurugram
Date: 13 May 2019

Cummins Sales & Service Private Limited
Balance sheet as at March 31, 2019

₹ Lacs

Particulars	Note No.		As at March 31, 2019	As at March 31, 2018
ASSETS				
Non-current assets				
Property, plant and equipment	3		166.47	159.53
Intangible assets under development	3		-	74.06
Other intangible assets	3		69.02	6.66
Financial assets				
Security Deposits	4		33.08	38.07
Non-current tax assets (net)	5		62.54	37.02
Deferred tax assets (net)	6		150.05	117.78
			481.16	433.12
Current assets				
Inventories	7		1,149.96	1,124.66
Financial assets				
Trade receivables	8		1,738.72	1,441.34
Cash and cash equivalents	9		12.23	1.79
Security Deposits	10		91.06	58.26
Other financial assets	11		3.91	4.76
Other current assets	12		101.20	111.96
			3,097.08	2,742.77
TOTAL			3,578.24	3,175.89
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13		1,200.00	1,200.00
Other equity	14		401.43	165.28
			1,601.43	1,365.28
Non-current liabilities				
Provisions	15		200.10	151.25
			200.10	151.25
Current liabilities				
Financial liabilities				
Borrowings	16		342.96	529.60
Trade payables				
- Total outstanding dues of micro enterprises and small enterprises	17		29.19	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	17		649.56	398.62
Other financial liabilities	18		174.56	162.79
Other current liabilites	19		568.62	555.83
Provisions	15		11.81	12.52
				-
			1,776.69	1,659.36
TOTAL			3,578.24	3,175.89

Summary of significant accounting policies 3

Notes 1 to 36 forms an integral part of the financial statements
This is the balance sheet referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firms Registration Number: 001076N/N500013

Anamitra Das
Partner
Membership Number: 062191

For and on behalf of the Board of Directors of
Cummins Sales & Service Private Limited

Rajiv Batra
(Director)
DIN No:00082866

Madankumar Patil
(Director)
DIN No: 05149115

Ravinder Rana
(CFO)

Place: Gurugram
Date: 13/May/19

Cummins Sales & Service Private Limited
Statement of profit and loss (including other comprehensive income) for the Year ended March 31, 2019

₹ Lacs

Particulars	Note No.	Year Ended March 31, 2019	Year Ended March 31, 2018
Revenue from operations	20	10,143.42	8,354.25
Other income	21	3.80	4.51
Total income		**10,147.22**	**8,358.76**
Expenses			
Purchase of traded goods and services	22	6,932.65	5,920.58
Change in inventories of traded goods	23	(25.30)	(168.86)
Employee benefit expenses	24	1,611.36	1,333.20
Finance costs	25	58.10	36.10
Depreciation and amortisation expense	3	77.75	59.81
Other expenses	26	1,167.82	967.12
Total expenses		**9,822.38**	**8,147.95**
Profit before tax		**324.84**	**210.81**
Tax expense			
Net Current tax		122.63	89.79
Tax expense pertaining to earlier years		(11.68)	(35.00)
Deferred tax (credit)/ expense	6	(29.49)	0.16
Total tax expense		**81.45**	**54.95**
Profit for the year		**243.39**	**155.86**
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods :			
Remeasurement gain on defined benefit plans		(10.01)	8.80
Income tax effect		2.79	(2.44)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(7.22)**	**6.36**
Other comprehensive income for the year, net of tax		**(7.22)**	**6.36**
Total comprehensive income for the year, net of tax		**236.16**	**162.22**
Earnings per equity share (for continuing operation):			
Basic and diluted earnings per share (₹)	27	2.03	1.30
(Nominal value per share ₹ 10)			

Summary of significant accounting policies 3

Notes 1 to 36 forms an integral part of these financial statements

This is the statement of profit and loss (including other comprehensive income) referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firms Registration Number: 001076N/N500013

Anamitra Das
Partner
Membership Number: 062191

For and on behalf of the Board of Directors of
Cummins Sales & Service Private Limited

Rajiv Batra
(Director)
DIN No:00082866

Madankumar Patil
(Director)
DIN No: 05149115

Ravinder Rana
(CFO)

Place: Gurugram
Date: 13/May/19

Cummins Sales & Service Private Limited
Cash flow statement for the Year ended March 31, 2019

₹ Lacs

		Year ended March 31, 2019	Year ended March 31, 2018
A	**Cash flow from operating activities**		
	Profit before tax	324.84	210.81
	Adjustements to reconcile profit before tax to net cash flows		
	Depreciation and amortisation	77.75	59.81
	Interest expense	55.05	33.81
	Loss of disposal of property, plant & equipment/Assets Written-off	1.08	3.24
	Bad debts written off	-	21.72
	Other income	(3.80)	(3.82)
	Provision for doubtful advances	0.41	7.48
	Provision for excess and obsolete inventory	(6.40)	23.01
	Provision for doubtful debts	48.01	10.12
	Operating profit before working capital changes	**496.95**	**366.18**
	Working capital adjustments:		
	(Increase) in trade receivables	(345.38)	(417.44)
	(Increase) in inventories	(18.89)	(191.87)
	(Increase) in current security deposits	(33.21)	(18.51)
	Decrease in non-current security deposits	5.00	7.59
	(Decrease)/Increase in other current financial assets	0.85	(1.60)
	(Decrease)/Increase in other current assets	10.76	(70.60)
	Increase in trade payables	280.13	94.81
	Increase in employee payables	11.77	23.00
	Increase in other current liabilities	12.79	47.91
	Increase in non-current provisions	48.85	22.00
	Increase in current provisions	(10.72)	11.48
	Net cash flows/(used in) from operating activities	**458.88**	**(127.06)**
	Direct taxes paid	(136.46)	(121.52)
	Net cash flows/(used in) from operating activities	**322.42**	**(248.58)**
B	**Cash flow from investing activities**		
	Purchase of property, plant and equipment	(74.12)	(133.02)
	Proceeds from sale of property, plant and equipment	-	1.05
	Interest received	3.80	3.84
	Net cash (used in) investing activities	**(70.32)**	**(128.13)**
C	**Cash flow from financing activities**		
	Proceeds from borrowings	(186.60)	393.93
	Interest paid	(55.05)	(33.81)
	Net cash (used in)/ flows from financing activities	**(241.65)**	**360.12**
	Net Increase/(decrease) in cash & cash equivalents	**10.45**	**(16.59)**
	Cash & cash equivalents at the beginning of the year	1.79	18.38
	Cash & cash equivalent at the year end	**12.24**	**1.79**
	Components of cash and cash equivalents:		
	Cash on hand	0.87	1.43
	Cheques/drafts on hand	10.66	-
	Balances with banks in current account	0.70	0.36
		12.24	**1.79**

This is the cash flow statement referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firms Registration Number: 001076N/N500013

Anamitra Das
Partner
Membership Number: 062191

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS

Place: Gurugram
Date: 13/May/19

For and on behalf of the Board of Directors of
Cummins Sales & Service Private Limited

Rajiv Batra
(Director)
DIN No:00082866

Madankumar Patil
(Director)
DIN No: 05149115

Ravinder Rana
(CFO)

Cummins Sales & Service Private Limited
Statement of changes in equity for the Year ended March 31, 2019

A) Equity share capital	₹ Lacs
As at April 1, 2017	**1,200.00**
Changes in equity share capital	-
As at March 31, 2018	**1,200.00**
Changes in equity share capital	-
As at March 31, 2019	**1,200.00**

B) Other Equity ₹ Lacs

	Reserves and surplus	Other comprehensive income	Total
	Retained earnings	Remeasurement gain on defined benefit plans	
Balance as at April 1, 2017	**(19.74)**	**22.80**	**3.06**
Profit for the period	155.86	-	**155.86**
Other comprehensive income	-	8.80	**8.80**
Income tax effect	-	(2.44)	**(2.44)**
Balance as at March 31, 2018	**136.12**	**29.16**	**165.28**
Profit for the period	243.39	-	**243.39**
Other comprehensive income	-	(10.01)	**(10.01)**
Income tax effect	-	2.79	**2.79**
Balance as at March 31, 2019	**379.51**	**21.94**	**401.44**

The above statement of changes in equity should be read in conjuction with the accompaying notes.

For Walker Chandiok & Co LLP
Chartered Accountants
Firms Registration Number: 001076N/N500013

Anamitra Das
Partner
Membership Number: 062191

For and on behalf of the Board of Directors of
Cummins Sales & Service Private Limited

Rajiv Batra
(Director)
DIN No:00082866

Madankumar Patil
(Director)
DIN No: 05149115

Neha Gaur
(Company Secretary)
Membership No.A28521

Ravinder Rana
(CFO)

Place: Gurugram
Date: 13/May/19

Cummins Sales & Service Private Limited
Significant accounting policies and notes to financial statements for the Year ended March 31, 2019

1. **BACKGROUND AND NATURE OF OPERATIONS**

Cummins Sales & Service Private Limited (*formerly known as Cummins Svam Sales & Service Private Limited*) was incorporated in India on 17 January 2012 under the provisions of the Companies Act, 1956. The Company was formed as joint venture between Cummins India Limited ('Cummins India') and SVAM Power Plants Private Limited ('SVAM Power'). The Company has become 100% subsidiary to Cummins India Limited with effect from October 1, 2015 as per approval of Board of Directors. The Company is engaged in trading of diesel engine components, oil and lubricants, batteries, DG sets and engines. The Company also provides repair and maintenance services to diesel engines and gensets manufactured by Cummins India Limited.

2. **Recent accounting pronouncements effective for annual periods beginning on or after April 1, 2019:-**

Ind AS 116, Leases:

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 116, Leases which will replace Ind-AS 17 "Leases". This new standard specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. This standard is effective for annual periods beginning on or after April 1, 2019.

The management is in the process to assess the impact of Ind-AS 116 on the Company's financial statement.

3. **SIGNIFICANT ACCOUNTING POLICIES**

a) **Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

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

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) **Use of estimates**

The preparation of financial statements in conformity with IND AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the period in which the results are known.

c) **Property plant and equipment, depreciation and amortisation**

i) Property plant and equipment are stated at cost of acquisition or construction, net of accumulated depreciation and impairment loss (if any). All significant costs relating to the acquisition and installation of property plant and equipment are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit and loss during the financial period in which they are incurred.

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Depreciation and amortisation is provided using the straight-line method based on the useful life of assets as specified in Schedule II of the Companies Act, 2013 except for leasehold improvement which is amortised over the period of lease or useful life of the asset, whichever is lower.

Asset	Useful life
Plant and machinery	15 years
Furniture and fittings	10 years
Tools	3 years
IT hardware & software	3/6 years
Office equipment	5 years
Vehicles	4/8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period

ii) Intangible assets are recorded at the consideration paid for acquisition. Intangible assets are amortised over their respective useful lives.

Softwares are amortised over a period of useful lives from the date of purchase/date of completion of development and put to use, being the estimated useful life as per the management estimate or license term whichever is less.
On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost.

d) Inventories

Inventories are stated at lower of cost and net realisable value after providing for obsolescence. The material costs are determined on weighted average basis and the valuation of finished goods represents the combined cost of material, labour and all manufacturing overheads. Net realisable value is estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. Material in transit is valued at cost incurred till date.

e) Revenue recognition

A customer of the Company is a party that has contracted with the Company to obtain goods or services that are an output of the Company's ordinary activities in exchange for consideration. The core principle of recognizing revenue from contracts with customers is that the Company recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

At contract inception, the Company assesses the goods or services promised in a contract with a customer to identify as a performance obligation each promise to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, indirect taxes)) and net off trade discounts, returns and allowances, price difference adjustments, volume discounts, liquidated damages and special discounts passed on to customers. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

If there is variable consideration, the Company includes in the transaction price some or all of that amount of estimated variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The transaction price is allocated by the Company to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to the customer."

For each performance obligation identified, the Company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If an entity does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time
The Company recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

For each performance obligation satisfied over time, the Company recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The Company recognised revenue on a straight-line basis as inputs are expended evenly throughout the performance period The Company defers unearned revenue, including payment received in advance, until the related subscription period is complete as per the terms of the agreement with customers.

Interest income

Interest income is recognised using current rate of interest. Interest income is included in the finance income in the Statement of Profit and Loss. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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f) Lease charges under operating leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee: Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease charges under operating leases are recognised as an expense on straight-line basis over the lease term unless the payments are structured to increase in line with general inflation to compensate for lessors expected inflationary cost increase.

g) Employee Benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19- 'Employee Benefits'.

A) Post-employment benefits

i) Defined contribution plans:

The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company has defined contribution plans for post employment benefits in the form of provident fund for employees which is administered by Regional Provident Fund Commissioner. The contributions are accounted for as employee benefit expense when they are due. Prepaid contribution is recognised as an asset to the extent cash refund or reduction in future contribution is available.

ii) Defined benefit plans

Unfunded Plan: The Company has defined benefit plans for Post-employment benefits in the form of Gratuity for all employees.
Liability for above defined benefit plans is provided on the basis of valuation, as at the balance sheet date, carried out by independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

B) Other long-term employee benefit (Unfunded)

Liability for Compensated Absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by independent actuary. The Actuarial valuation method used for measuring the liability is the Projected Unit Credit method. Under this method, projected accrued benefit is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for active members of the Plan. The "projected accrued benefit " is based on the Plan's accrual formula and upon service as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan liability is the actuarial present value of the " projected accrued benefits " as of the end of the year for active members.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The present value of defined benefit obligation denominated in INR is determined by discounting the estimated future cash flows by reference to the market yeild at the end of the reporting period on the government bonds that has terms approximately the terms of the related obligation.

h) Income-tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing and applicable for the relevant assessment year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes are recognised for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases in the financial statements. The effect on deferred tax assets and liabilities of a change in the tax rates is recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

i) Provisions and contingent liabilities

A provision is recognised when there is a present legal or constructive obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, and in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising out of past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

j) Impairment of non-financial assets

The Company tests for impairments at the close of the accounting period if and only if there are indications that suggest a possible reduction in the recoverable value of an asset. If the recoverable value of an Asset, i.e. the net realisable value or the economic value in use of a cash generating unit, is lower than the carrying amount of the asset the difference is provided for as impairment. However, if subsequently the position reverses and the recoverable amount becomes higher than the then carrying value the provision to the extent of the then difference is reversed, but not higher than the amount provided for.

k) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and at bank, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

l) Earnings per share

Basic earnings per share are 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. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split.

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

m) Borrowings cost

Interest cost on borrowings is recognised as finance expense in Statement of Profit and Loss.

n) Foreign currency transactions

i) Initial recognition
Transactions in foreign currency are recorded in the reporting currency by applying to the foreign currency amount the exchange rate prevailing on the date of the transaction.

ii) Subsequent recognition
Monetary items denominated in foreign currency as at the balance sheet date are converted at the exchange rate prevailing on that date.

iii) Exchange differences
Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

o) Financial instruments

A) Financial assets

i) Initial recognition and measurement
All financial assets are recognised initially at fair value and transaction costs that are attributable to the acquisition of the financial asset is also adjusted.

ii) Subsequent measurement
Financial assets carried at amortised cost (AC)
A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVTOCI)
A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)
A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

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iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its assets measured at amortised cost and assets measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Company determines whether there has been a significant increase in credit risk.

iv) Derecognition of financial assets

A financial asset is derecognised when:
- The Company has transferred the right to receive cash flows from the financial assets; or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more receipients.

Where the entity has transferred the asset, the Company evaluated whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of the ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial assets, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

B) Financial liabilities

i) Initial recognition and subsequent measurement

All financial liabilities are recognized initially at fair value and in case of loans and borrowings and payables, net of directly attributable transaction cost.

ii) Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

C) Fair value of financial instruments

In determining the fair value of its financial instruments, the company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realization on future date.

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3. Property, plant and equipment and intangible assets

₹ Lacs

Particulars	Gross block (at cost) As at April 1, 2018	Additions	Deductions / Write -off	As at Mar 31, 2019	Depreciation and Amortisation As at April 1, 2018	For the year	Deductions / Write -off	As at Mar 31, 2019	Net block As at Mar 31, 2019	As at March 31, 2018
Tangible Assets:										
Leasehold Improvements	94.63	14.69	-	109.32	71.68	6.52	-	78.20	31.12	22.95
Tools	67.39	16.79	-	84.18	47.32	11.50	-	58.82	25.36	20.07
Computers	89.51	9.49	(1.06)	97.94	56.31	15.19	(1.01)	70.49	27.45	33.20
Plant and machinery	12.34	-	-	12.34	4.50	0.80	-	5.30	7.04	7.84
Office Equipment	64.57	5.46	(1.70)	68.34	34.77	9.32	(1.60)	42.49	25.84	29.80
Furniture and fittings	60.06	5.45	(3.09)	62.42	31.81	6.51	(2.08)	36.23	26.19	28.25
Vehicles	33.80	13.77	-	47.57	16.38	7.73	-	24.11	23.47	17.42
	422.30	65.65	(5.85)	482.11	262.77	57.57	(4.69)	315.64	166.47	159.53
					0.01					
Intangible Assets:										
Software	73.39	82.53	-	155.92	66.72	20.18	-	86.90	69.02	6.66
	73.39	82.53	-	155.92	66.72	20.18	-	86.90	69.02	6.66

₹ Lacs

Particulars	Gross block (at cost) As at April 1, 2017	Additions	Deductions / Write -off	As at March 31, 2018	Depreciation and Amortisation As at April 1, 2017	For the year	Deductions / Write -off	As at March 31, 2018	Net block As at March 31, 2018	As at March 31, 2017
Leasehold Improvements	96.60	8.35	(10.32)	94.63	71.05	10.25	(9.62)	71.68	22.95	25.55
Tools	64.29	12.51	(9.41)	67.39	48.57	8.16	(9.41)	47.32	20.07	15.72
Computers	68.04	24.63	(3.16)	89.51	49.18	10.24	(3.11)	56.31	33.20	18.86
Plant and machinery	12.34	-	(0.00)	12.34	3.70	0.80	(0.00)	4.50	7.84	8.64
Office Equipment	53.71	13.23	(2.37)	64.57	28.19	9.24	(2.66)	34.77	29.80	25.52
Furniture and fittings	60.98	5.83	(6.75)	60.06	28.81	6.61	(3.61)	31.81	28.25	32.17
Vehicles	27.83	5.97	-	33.80	9.99	6.39	-	16.38	17.42	17.84
	383.79	70.52	(32.01)	422.30	239.49	51.69	(28.41)	262.77	159.53	144.30
Intangible Assets:										
Software	73.28	0.11	-	73.39	58.60	8.12	-	66.72	6.66	14.68
	73.28	0.11	-	73.39	58.60	8.12	-	66.72	6.66	14.68

4. Non-Current Security Deposits

₹ Lacs

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Security deposits*	33.08	38.07
	33.08	**38.07**

* The security deposits are measured at amortised cost.

5. Non-current tax assets (net)

₹ Lacs

	As at March 31, 2019	As at March 31, 2018
Advance income-tax (net of provisions: March 31 2019:₹359.44 Lacs; March 31, 2018: ₹ 248.65 Lacs))	62.54	37.02
	62.54	**37.02**

6. Deferred tax

A Deferred tax assets (net)

	As at March 31, 2019	As at March 31, 2018
Deferred tax asset		
Provision for doubtful debts	20.43	7.18
Provision for employee benefits	58.95	45.56
Depreciation	24.38	25.26
Other timing differences	46.29	39.78
	150.05	**117.78**

The Company offsets the 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.

Reconciliation of deferred tax assets (net)

₹ Lacs

	As at March 31, 2019	As at March 31, 2018
Provision for doubtful debts		
Opening balances	7.18	15.96
Tax income/ (expense) during the year recognised in profit and loss*	13.25	(8.78)
Closing balances	**20.43**	**7.18**
Provision for employee benefits		
Opening balances	45.56	45.99
Tax income/ (expense) during the year recognised in profit and loss*	10.61	2.02
Tax income/ (expense) during the year recognised in OCI*	2.79	(2.45)
Closing balances	**58.95**	**45.56**
Depreciation		
Opening balances	25.26	23.72
Tax income/ (expense) during the year recognised in profit and loss*	(0.88)	1.54
Closing balances	**24.38**	**25.26**
Other timing differences		
Opening balances	39.78	34.72
Tax income/ (expense) during the year recognised in profit and loss*	6.52	5.06
Closing balances	**46.29**	**39.78**
Closing balances	**150.05**	**117.78**

* Net of adjustment for change in tax rates.

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6. Deferred tax (Contd.)

B The major components of income tax expenses for the years ended March 31, 2019 and March 31, 2018 are:

₹ Lacs

	As at March 31, 2019	As at March 31, 2018
Statement of profit and loss:		
Current income tax		
Current income tax charge	122.63	89.79
Tax expense pertaining to earlier years	(11.68)	(35.00)
Deferred tax		
Relating of originating and reversal of temporary differences	(29.49)	0.16
Income tax expenses reported in the statement of profit and loss	**81.46**	**54.95**
Other comprehensive income:		
Income tax related to items recognised in OCI during the year:	2.79	(2.44)
Net loss/ (gain) on remeasurments of defined benefit plans	**2.79**	**(2.44)**

C **Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018**

₹ Lacs

	As at March 31, 2019	As at March 31, 2018
Accounting profit before tax	324.84	210.81
At India's statutory Income tax rate of 27.82% (March 31, 2018: 33.063 %)	90.37	69.70
Adjustment in respect of income tax related to earlier year	(11.68)	(35.00)
Impact due to change in tax rate	-	22.66
Others	2.77	(2.41)
Income tax expenses reported in the statement of profit and loss	**81.46**	**54.95**

7. Inventories

₹ Lacs

	As at March 31, 2019	As at March 31, 2018
Traded goods [including stock-in-transit ₹ 221.52 lacs ; (March 31, 2018: ₹ 212.02 lacs)	1,149.96	1,124.66
	1,149.96	**1,124.66**

Note:

i) During the year ended March 31, 2019, ₹ 7.88 lacs (March 31, 2018: ₹ 16.17 lacs) was recognised as an expense for inventories carried at net realisable value.

ii) Cumulative provision made for excess and obsolete inventories upto year March 31, 2019, ₹ 121.60 lacs (upto March 31, 2018: ₹ 128.00 lacs).

iii) Inventory is pledged as security against limit sanctioned by HDFC bank.

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8. Trade receivables

	As at March 31, 2019	As at March 31, 2018
		₹ Lacs
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	1,510.56	1,310.05
Trade receivables from related parties considered good - unsecured	228.16	131.29
Trade receivables which have significant increase in credit risk	-	-
Trade receivables-credit impaired	57.33	10.12
	1,796.05	**1,451.46**

Break up for security details

Trade Receivable consider good- Unsecured	1,738.72	1,441.34
Trade Receivable which have significant increase in Credit Risk	57.33	10.12
	1,796.05	**1,451.46**
Allowance for expected credit losses	(57.33)	(10.12)
	1,738.72	**1,441.34**

Reconciliation of provision for doubtful debts

	As at March 31, 2019	As at March 31, 2018
		₹ Lacs
Opening provision	**10.12**	**48.28**
Add: Additions	48.01	31.84
Less: Write-offs*	(0.79)	(70.00)
Closing provision	**57.34**	**10.12**

* Total bad debts written-off during the year ended March 31, 2019 was ₹ 0.79 lacs and the same has been written-off from opening provision.

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Cummins Sales & Service Private Limited
Significant accounting policies and notes to financial statements for the Year ended March 31, 2019

9. Cash and cash equivalents

	₹ Lacs	
	As at March 31, 2019	As at March 31, 2018
Cash on hand	0.87	1.43
Cheque on hand	10.66	-
Balance with banks in current accounts	0.70	0.36
	12.23	1.79

10. Current Security Deposits

	₹ Lacs	
	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Security deposits*	88.23	57.65
Interest accrued on security deposits	2.83	0.61
Unsecured, considered doubtful		
Security deposits*-Credit Impaired	16.10	15.69
Less: Provision for doubtful deposits	(16.10)	(15.69)
	91.06	58.26

* The security deposits are measured at amortised cost.

Reconciliation of provision for doubtful security deposits

	₹ Lacs	
	As at March 31, 2019	As at March 31, 2018
Opening provision	**15.69**	**8.20**
Add: Additions	0.41	7.49
Closing provision	16.10	15.69

11. Other current financial assets

	₹ Lacs	
	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Employee advances	2.11	2.96
Others	1.80	1.80
Unsecured, considered doubtful		
	3.91	4.76

Reconciliation of provision for doubtful employee advances

	₹ Lacs	
	As at March 31, 2019	As at March 31, 2018
Opening provision	-	**0.71**
Add: Additions	-	-
Less: Write-offs		(0.71)
Closing provision	-	-

12. Other current assets

	₹ Lacs	
	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Balances with statutory/government authorities	42.06	63.31
Prepaid expenses	42.09	33.49
Advance to suppliers	17.05	15.16
	101.20	111.96

13. Share capital

	As at March 31, 2019	As at March 31, 2018
	₹ Lacs	
Authorised		
12,000,000 equity shares of ₹ 10 each	1,200.00	1,200.00
Issued, subscribed and fully paid-up shares		
12,000,000 equity shares of ₹ 10 each	1,200.00	1,200.00
	1,200.00	**1,200.00**

a. Reconciliation of number of shares

Equity shares	As at March 31, 2019		As at March 31, 2018	
	Nos.	₹ Lacs	0	₹ Lacs
Balance as at the beginning of the year	1,20,00,000	1,200.00	1,20,00,000	1,200.00
Balance as at the end of the year	**1,20,00,000**	**1,200.00**	**1,20,00,000**	**1,200.00**

b. Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is entitled to one vote per share held. In the event of liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in the proportion to their shareholding.

c. Of the above equity shares, 11,999,990 (March 31, 2018: 11,999,990) shares of ₹ 10 each are held by the Holding Company, Cummins India Limited . Of the remaining 10 equity shares, 5 equity shares each are held by Mr. Rajiv Batra and Mr. K. Venkata Ramana, whose beneficial ownership is with the Holding Company, Cummins India Limited.

d. No shares have been allotted as fully paid-up shares by way of bonus issues nor has any bought back of shares happened during the period of five years immediately preceding the reporting date.

e. Details of shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2019		As at March 31, 2018	
	Nos.	%	Nos.	%
Equity shares of ₹ 10 each fully paid				
Cummins India Limited (Refer note c above)	1,19,99,990	100.00%	1,19,99,990	100.00%

14. Other equity

₹ Lacs

	As at March 31, 2019	As at March 31, 2018
Opening balance	165.28	3.06
Profit for the year	243.39	155.86
Other comprehensive income for the year	(7.22)	6.36
Closing balance	**401.43**	**165.28**

15. Provisions

	As at March 31, 2019	As at March 31, 2018
	₹ Lacs	
Provision for post retirement benefit and compensated absences (Refer note 31)	211.91	163.77
	211.91	**163.77**
Current provisions	11.81	12.52
Non-current provisions	200.10	151.25
	211.91	**163.77**

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16. Borrowings

	As at March 31, 2019	As at March 31, 2018
		₹ Lacs
Loans repayable on demand	342.96	529.60
	342.96	**529.60**

Cash credit and demand loan availed from HDFC bank for working capital financing, being repayable on demand, against hypothecation of stocks and book debts (ageing less than equal to 90 days). Rate of interest is calculated on 365 days basis ranges between 7% to 9% per annum.

17. Trade payables

	As at March 31, 2019	As at March 31, 2018
		₹ Lacs
- Total Outstanding dues of Micro enterprises and small enterprises	29.19	-
- Total Outstanding dues of Creditors other than Micro enterprises and small enterprises	218.68	187.91
- Trade payables to related party	430.88	210.71
	678.75	**398.62**

The dues to micro, small and medium enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the company is given below:

	As at March 31, 2019	As at March 31, 2018
a) The principal amount and the interest due thereon remaining unpaid to supplier as at the end of year		
- Principal amount due to micro, small and medium enterprises	29.1	-
- Interest due	0.1	-
b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 (27 of 2006) along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	0.1	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.1	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

Note: Trade payables are non-interest bearing and are normally settled at 60 days terms. For terms and conditions and transactions with related party refer note 31.

18. Other financial liabilities

	As at March 31, 2019	As at March 31, 2018
		₹ Lacs
Employee payables		
Salaries, wages and bonus payable	174.56	162.79
	174.56	**162.79**

19. Other current liabilities

	As at March 31, 2019	As at March 31, 2018
		₹ Lacs
Statutory dues including tax deducted at source	46.63	38.69
Unearned revenue	334.02	283.69
Advances from customers	187.97	233.45
	568.62	**555.83**

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20 Revenue from operations

	Year ended March 31, 2019	Year ended March 31, 2018
	₹ Lacs	
Sale of traded goods*	7,875.76	6,651.46
Sale of services	2,267.66	1,702.79
	10,143.42	**8,354.25**

* The Company trades in numerous components which are used in the repair and maintenance of generator and related machinery. Since, these traded goods fall under the category of 'Spare Parts', thus a detailed disclosure of type of spare parts sold has not been given.

21 Other income

	Year ended March 31, 2019	Year ended March 31, 2018
	₹ Lacs	
Interest income on security deposits	3.80	3.82
Miscellaneous income	-	0.69
	3.80	**4.51**

22 Purchase of traded goods and services

	Year ended March 31, 2019	Year ended March 31, 2018
	₹ Lacs	
Purchase of traded goods - spare parts and consumables*	6,589.54	5,804.50
Direct expenses - repair charges for job works	343.11	116.08
	6,932.65	**5,920.58**

* The Company trades in numerous components which are used in the repair and maintenance of generator and related machinery. Since, these traded goods falls under the category of 'Spare parts', thus a detailed disclosure of type of spare parts purchased has not been given.

23 Change in inventories of traded goods

	Year ended March 31, 2019	Year ended March 31, 2018
	₹ Lacs	
Inventories at the beginning of the year Traded goods	1,124.66	955.80
Inventories at the end of the year Traded goods	(1,149.96)	(1,124.66)
	(25.30)	**(168.86)**

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24. Employee benefit expenses

	Year ended March 31, 2019	Year ended March 31, 2018
		₹ Lacs
Salaries, wages and bonus	1,443.93	1,203.14
Contribution to provident and other funds	108.06	91.77
Staff welfare expenses	59.37	38.29
	1,611.36	**1,333.20**

25. Finance costs

	Year ended March 31, 2019	Year ended March 31, 2018
		₹ Lacs
Interest cost	55.05	33.81
Bank charges	3.05	2.29
	58.10	**36.10**

26. Other expenses

	Year ended March 31, 2019	Year ended March 31, 2018
		₹ Lacs
Communication expenses	49.09	51.79
Sales promotion and advertisement	0.64	4.80
Legal and professional fees	236.35	216.37
Travelling & conveyance	204.17	164.72
Repairs and maintenance		
-Buildings	5.30	6.52
-Others	42.25	27.00
Provision for doubtful debts and advances	48.42	17.60
Power and fuel consumed	22.50	20.12
Printing and stationery	12.69	9.92
Rent	165.40	113.83
Service charges for business support	53.21	48.09
Insurance	51.62	27.70
Freight outward	68.25	60.70
Wages to casual labour	58.61	56.95
Contracted security	47.33	36.67
Bad debts written off	-	21.72
Payment to auditors (refer details below)	10.72	10.14
Asset written off /Net loss on fixed assets sold	1.08	3.24
Miscellaneous expenses	90.19	69.24
	1,167.82	**967.12**

Payment to auditors

	Year ended March 31, 2019	Year ended March 31, 2018
		₹ Lacs
Statutory audit	8.50	8.50
Tax audit	1.50	1.50
Out of pocket expenses	0.72	0.14
	10.72	**10.14**

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27. Earning per share (EPS)

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below :

	Year ended March 31, 2019	Year ended March 31, 2018
Profit for the year after taxation (₹ Lacs)	243.39	155.86
Weighted average number of shares outstanding during the year	1,20,00,000	1,20,00,000
Face value per share (₹)	10.00	10.00
Earnings per share (Basic and Diluted) (₹)	2.03	1.30

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28. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainity about these assumptions and estimates could result in outcome that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements
In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements.

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 amount of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimation on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans (gratuity benefits):
The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. 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 and mortality rates. 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.

Discount rate is the parameter which is subject to change. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables for India. Mortality tables change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 30.

Fair value measurements of financial instruments:
When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where there is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instrument.

29. Contingent liabilities and commitments

		₹ Lacs
	Year ended March 31, 2019	**Year ended March 31, 2018**
(a) Contingent liabilities		
Bank guarantees	22.33	33.52
Show cause notice of service tax	3.62	3.62
	25.95	37.14

(b) There are numerous interpretative issues relating to the Supreme court (SC) judgement dated 28 February 2019 on Provident Fund(PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The Company is evaluating its impact on the financial statement. However, the Company does not expect any significant impact on its financial statements.

(c) Commitment
Estimated value of contracts remaining to be executed on capital account and not provided for: nil (Previous year 8.50 Lacs)

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30. Employee benefit plans

A. Defined contributions plans

The Company has recognised the following amounts in statement of profit and loss for the year :

₹ Lacs

Sr. No.	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
i)	Employees provident fund*	83.69	67.40
ii)	Employees state insurance	17.64	18.06
		101.33	85.46

* This does not include provident fund administration charges.

B. Defined benefits plans

The following figures are as per actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary: 0.01

a. The amount recognised in the Statement of Profit and Loss:

₹ Lacs

Sr. No.	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
i)	Current service cost	33.58	29.63
ii)	Interest cost	9.39	7.47
iii)	Actuarial (gains)/losses reclassified to other comprehensive income	10.01	(8.80)
		52.98	28.30

b. The amount recognised as other comprehensive income:

₹ Lacs

Sr. No.	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
i)	Actuarial (gains)/losses	10.01	(8.80)
		10.01	(8.80)

c. A reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation (DBO):

₹ Lacs

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018
	Opening DBO	130.00	108.76
i)	Current Service Cost	33.58	29.63
ii)	Interest Cost	9.39	7.47
iii)	Actuarial (Gains) / Losses	10.01	(8.80)
iv)	Benefits Paid	(13.00)	(7.06)
	Closing DBO	169.98	130.00
	Current DBO	11.81	9.12
	Non-current DBO	158.17	120.88

d. Expected contribution to the fund in the next year:

₹ Lacs

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018
i)	Contribution to gratuity fund	4.21	9.46
		4.21	9.46

e. Following are the Principal Actuarial Assumption used as at the balance sheet date:

Sr. No.	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
i)	Discount rate	7.50%	7.60%
ii)	Salary escalation rate	9.00%	9.00%
iii)	Withdrawal rate	8.00%	8.00%
iv)	Mortality rate	Indian assured lives mortality (2006-08) (modified)ult	Indian assured lives mortality (2006-08) (modified)ult

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

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30. Employee benefit plans (Contd.)

f. Experience adjustment history:

Sr. No.	Particulars	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
i)	Defined benefit obligation at end of the period	(169.98)	(130.00)	(108.76)	(90.52)	(69.53)
ii)	Funded status	(169.98)	(130.00)	(108.76)	(90.52)	(69.53)
iii)	Experience Gain/(Loss) adjustments on plan Liabilities	(8.44)	2.53	4.01	11.57	3.71
iv)	Actuarial Gain/(Loss) due to Change on assumptions	(1.57)	6.27	15.55	2.94	(14.05)

g. A quantitative sensitivity analysis for significant assumption as at March 31, 2019 is as shown below:

Sr. No.	Assumptions	Year ended March 31, 2019			Year ended March 31, 2019		Year ended March 31, 2019	
		Discount rate			Future salary increase		Withdrawal rate	
	Sensitivity level	0.5% increase	0.01	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
i)	Gratuity fund	(7.61)		8.24	8.09	(7.56)	(9.62)	16.38

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occuring at the end of the reporting period.

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31. Related party disclosures

a) Name of the related party and nature of relationship where control exists

Name of related party	Nature of relationship
Cummins India Limited	Holding Company
Valvoline Cummins Private Limited	Entity controlled by Holding Company
Cummins Technologies India Private Limited	Entity controlled by Holding Company
Cummins Inc.	Ultimate holding company
Mr. Rajiv Batra	Key management personnel
Ms. Bhavna Bindra	Key management personnel
Mr. Madankumar Kotragauda Patil	Key management personnel
Mr. Anmol Batra	Key management personnel

b) The following table provides the total amount of transactions and balances with related parties pertaining to the relevant financial year:

₹ Lacs

Name of the party	Nature of transaction	Year ended March 31, 2019	Year ended March 31, 2018
Cummins India Limited	Purchase of genset spare parts	4,537.45	3,990.22
	Service charges for business support	53.21	48.09
	Professional charges (refer note (i) below)	183.73	203.33
	Training expenses	14.94	13.78
	Software charges	11.10	20.06
	Others	7.54	1.19
	Parts Sale	1,319.00	1,217.50
	Service Sale	634.70	392.30
Valvoline Cummins Private Limited	Purchase of oil and lubricants	1,586.95	1,343.02
	Service Sale	10.46	10.44
Cummins Technologies India Private Limited	Service Sale	0.06	0.13
	Parts Sale	30.03	1.02
	Professional Charges	4.07	2.13
Cummins Inc.	Purchase of software licenses	4.58	0.26

c) Outstanding balances

₹ Lacs

Particulars	Name of the Party	As at March 31, 2019	As at March 31, 2018
Cummins Technologies India Private Limited	Trade payable	0.71	0.65
Cummins India Limited	Trade payable	430.17	117.07
Valvoline Cummins Private Limited	Trade payable	-	92.99
		430.88	210.71
Cummins India Limited	Trade receivable	227.23	131.19
Cummins Technologies India Private Limited	Trade receivable	0.07	0.10
Valvoline Cummins Private Limited	Trade receivable	0.86	-
		228.16	131.29

i) This Includes amount of ₹ 69.01 Lacs (Previous year 63.26 Lacs) paid towards managerial remuneration for Mr. Anmol Batra.

ii) Terms and conditions of transactions with related parties:
The sales to and purchases from related parties including services are made 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 from any related party receivables or payables. For the year ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2018: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

iii) The information given above, has been reckoned on the basis of information available with the Company and relied upon by the auditors.

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For Cummins Sales & Service Private Limited

Authorised Signatory

32. Segment information

The Company is of the view that it operates in one segment viz. 'Sale of Engine Spare Parts & related Services' and hence no disclosure has been made.

33. Fair value disclosures

(i) Fair values hierarchy
Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.
Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Financial assets and liabilities measured at fair value - recurring fair value measurements
The Company does not have any financial instruments which are measured at Fair value either through statement of profit and loss or through other comprehensive income.

(iii) Fair value of instruments measured at amortised cost
Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows:

Particulars	Level	31 March 2019		31 March 2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financials assets					
Security deposits	Level 3	33.08	33.08	38.07	38.07

The management assessed that cash and cash equivalents, trade receivables, other short term financial assets, trade payables, borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:
(a) The fair values for security deposits received were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

34. Financial risk management

Financial risk factors:

The Company has an Audit and Risk Management Committee (ARMC) to manage risks including financial risks. The ARMC provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investments in liquid funds which focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

a) Market risk

i) Interest rate risk

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

₹ Lacs

Interest rate	% change	Year ended March 31, 2019 Effect on Profit before tax	Year ended March 31, 2018 Effect on Profit before tax
8.95%	1% Increase 1% Decrease	6.15 (6.15)	
7.90%	1% Increase 1% Decrease		4.01 (4.01)

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligation under financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk primarily from trade receivables and other receivables. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at year end, as summarised below:

₹ Lacs

	As at March 31, 2019	As at March 31, 2018
Non-current financial assets		
Security Deposit	33.08	38.07
Current financial assets		
Trade receivables	1,738.72	1,441.34
Cash and cash equivalents	12.23	1.79
Security deposits	91.06	58.26
Other financial assets	3.91	4.76
	1,879.00	1,544.22

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The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

An impairment analysis is performed at each reporting date on an individual basis for all customers.

c) Liquidity risk

Cash flow forecasting is performed by treasury function. Treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the compliance with internal cash management policy.

					₹ Lacs	₹ Lacs
March 31, 2019	**On demand**	**Less than 3 months**	**3-12 months**	**1-5 years**	**>5 years**	**Total**
Borrowings	342.96	-	-	-	-	342.96
Trade payables	-	678.75	-	-	-	678.75
Other financial liabilities	-	174.56	-	-	-	174.56

March 31, 2018	**On demand**	**Less than 3 months**	**3-12 months**	**1-5 years**	**>5 years**	**Total**
Borrowings	529.60	-	-	-	-	529.60
Trade payables	-	398.62	-	-	-	398.62
Other financial liabilities	-	162.79	-	-	-	162.79

d) Capital Management

The Company's objectives when managing capital are to provide maximum returns to shareholders, benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments in light of changes in economic conditions.

The gearing ratio is calculated as net debt divided by total capital. Net Debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus all other equity reserves attributable to equity holders of the Parent Company.

			₹ Lacs
		As at March 31, 2019	**As at March 31, 2018**
Borrowings		342.96	529.60
Less: Cash and cash equivalents		(12.23)	(1.79)
Net Debt		**330.73**	**527.81**
Equity and other equity		1,601.43	1,365.28
Equity+Net debt		**1,932.16**	**1,893.09**
Gearing ratio		**20.65%**	**38.66%**

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35 Revenue related disclosures

A Disaggregation of revenue

Revenue recognised mainly comprises of sale of traded goods and sale of services. Set out below is the disaggregation of the Company's revenue from contracts with customers:

₹ Lacs

Particulars	Year Ended 31 March 2019	Year Ended 31 March 2018
Revenue from contracts with customers		
(i) Sale of products	7,875.76	6,651.46
(ii) Sale of services	2,267.66	1,702.79
Total revenue covered under Ind AS 115	**10,143.42**	**8,354.25**

B Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contract with customers:

₹ Lacs

Particulars	As at 31 March 2019	As at 31 March 2018
Contract assets		
Accrued income	-	-
Total contract assets	-	-
Contract liabilities 0.01		
Advances from consumers	187.97	233.45
Unearned revenue	334.02	283.69
Total contract liabilities	**521.99**	**517.14**
Receivables		
Trade receivables	1,796.05	1,451.46
Less : Allowances for expected credit loss	(57.33)	(10.12)
Net receivables	**1,738.72**	**1,441.34**

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liability is the entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer in advance. Contract assets (unbilled receivables) are transferred to receivables when the rights become unconditional and contract liabilities are recognised as and when the performance obligation is satisfied.

C Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

₹ Lacs

Particulars	As at 31 March 2019			As at 31 March 2018		
	Contract Assets	Contract Liabilities		Contract Assets	Contract Liabilities	
	Unbilled revenue	Advances from consumers	Unearned revenue	Unbilled revenue	Advances from consumers	Unearned revenue
Opening balance	-	233.45	283.69	-	199.21	244.91
Addition during the year	-	101.62	334.02	-	167.12	283.69
Revenue recognised during the year	-	(147.10)	(283.69)	-	(132.88)	(244.91)
Closing balance	-	**187.97**	**334.02**	-	**233.45**	**283.69**

D The Company has allocated transaction price of Rs. 521.99 Lacs to unsatisfied performance obligation related to service which will be satisfied in next year.

E The Company has applied Ind AS 115 prospectively from 1 April 2018 and the adoption of this standard did not have a material impact on the financial statements of the Company.

F Payment terms

The sale of goods is typically made under credit payment terms differing from customer to customer and ranges between 0-60 days.

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36. Expenditure in foreign currency (on accrual basis)

	₹ Lacs	
	Year ended March 31, 2019	Year ended March 31, 2018
Purchase of software licenses	2.39	0.26
	2.39	0.26

37. Transfer pricing

Per transfer pricing legislations, the Company is required to use certain specific methods in computing arm's length prices of domestic transactions with associated enterprises and maintain adequate documentation in this respect. The legislations require such information and documentation to be contemporaneous in nature. The Company has appointed independent consultants (the 'Consultant') for conducting the Transfer Pricing Study (the 'Study') to determine whether the transactions with associate enterprises undertaken during the financial year are on an "arm's length basis". Management is of the opinion that the Company's transactions are at arm's length and requires no transfer pricing adjustments.

For Walker Chandiok & Co LLP
Chartered Accountants
Firms Registration Number: 001076N/N500013

Anamitra Das
Partner
Membership Number: 062191

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Place: Gurugram
Date: 13/May/19

For and on behalf of the Board of Directors of
Cummins Sales & Service Private Limited

Rajiv Batra
(Director)
DIN No:00082866

Madankumar Patil
(Director)
DIN No: 05149115

Ravinder Rana
(CFO)