Notice is hereby given that the fourth Annual General Meeting (AGM) of PSA AVTEC Powertrain Private Limited (the Company) will be held through video -conferencing (VC) facility at on 28th September 2021 at 11.30 AM to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the period ended March 31, 2021, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon and to consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** the Directors' Report and the Audited Balance Sheet as on year ended 31st March, 2021 and the Profit and Loss Accounts for the Year ended on 31st March, 2021 along with the Auditors' Report thereon are hereby considered, approved and adopted."

Special Business:

To consider and if thought fit, to pass with or without modification(s), the following Resolutions:

2. **As an Ordinary Resolution:**

   Appointment of Mr. Arnaud Deboeuf (DIN: 08950323) as a Director:

   RESOLVED that pursuant to the applicable provisions of the Companies Act, 2013 and the rules made thereunder and the Articles of Association of the Company, Mr. Arnaud Deboeuf (DIN: 08950323), who was appointed as an additional Director by the Board of Directors of the Company and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company.

3. **As an Ordinary Resolution:**

   Appointment of Mr. Vincent Baron (DIN: 08969623) as a Director:

   RESOLVED that pursuant to the applicable provisions of the Companies Act, 2013 and the rules made thereunder and the Articles of Association of the Company, Mr. Vincent Baron (DIN: 08969623), who was appointed as an additional Director by the Board of Directors of the Company and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company.

4. **As an Ordinary Resolution:**

   Appointment of Mr. Christian Mueller (DIN: 08971904) as a Director:

   RESOLVED that pursuant to the applicable provisions of the Companies Act, 2013 and the rules made thereunder and the Articles of Association of the Company, Mr. Christian Mueller (DIN: 08971904), who was appointed as an additional Director by the Board of Directors of the Company and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company.

5. **As an Ordinary Resolution:**

Appointment of Mr. Roland Bouchara (DIN: 09201031) as a Director:

RESOLVED that pursuant to the applicable provisions of the Companies Act, 2013 and the rules made thereunder and the Articles of Association of the Company, Mr. Roland Bouchara (DIN: 09201031), who was appointed as an additional Director by the Board of Directors of the Company and whose period of office expires on the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company.

By Order of the Board,

Sd/-

Rasika Kulkarni
Company Secretary

Hosur
Date: September 6, 2021

Notes:

1. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC and participate thereat and cast their votes through show of hands.

2. Members may attend the AGM, by following the invitation link sent to their registered email ID. Members are encouraged to join the Meeting through Laptops for better experience. The members can join the meeting through the link 15 minutes before the time scheduled for the meeting. For technology assistance, you may contact this number +91-9600344416 or +91-9842713856.

3. In view of the massive outbreak of the COVID-19 pandemic, social distancing is to be a pre-requisite and pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, physical attendance of the Members to the AGM venue is not required. Hence, Members have to attend and participate in the ensuing AGM though VC.

4. The attendance of the Members attending the AGM through VC will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013

5. The Members will be allowed to pose questions during the course of the Meeting. The queries can also be given in advance at Rasika.kulkarni@stellantis.com

6. All documents referred to in the Notice calling the AGM are available on the website of the Company for inspection by the Members.

7. Members whose email IDs are already registered with the Company and who are desirous to attend the AGM through VC can apply at Rasika.kulkarni@stellantis.com requesting for participation in the AGM, by giving their name as registered in the records of the Company.

8. Members who are desirous of attending the AGM may send their request by 10th September, 2021. On successful registration with the company, the invitation to join the AGM will be sent to the Members on their registered email IDs latest by 20th September, 2021.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.2: Appointment of Mr. Arnaud Deboeuf (DIN: 08950323) as a Director:

Mr. Arnaud Deboeuf was appointed as an Additional Director w.e.f. November 06, 2020 in accordance with the provisions of Sections 149, 152, 160 and 161 of the Companies Act, 2013 and Articles of Association of the Company. In accordance with the provisions of Section 161 of Companies Act, 2013, Mr. Arnaud Deboeuf shall hold office up to the date of this AGM.

No director, KMP or their respective relatives, except Mr. Arnaud Deboeuf, to whom the resolution relates, is interested or concerned, financially or otherwise, in the resolution.

Mr. Arnaud Deboeuf does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Item No.3: Appointment of Mr. Vincent Baron (DIN: 08969623) as a Director:

Mr. Vincent Baron was appointed as an Additional Director w.e.f. December 4, 2020 in accordance with the provisions of Sections 149, 152, 160 and 161 of the Companies Act, 2013 and Articles of Association of the Company. In accordance with the provisions of Section 161 of Companies Act, 2013, Mr. Vincent Baron shall hold office up to the date of this AGM.

No director, KMP or their respective relatives, except Mr. Vincent Baron, to whom the resolution relates, is interested or concerned, financially or otherwise, in the resolution.

Mr. Vincent Baron does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Item No.4: Appointment of Mr. Christian Mueller (DIN: 08971904) as a Director:

Mr. Christian Mueller was appointed as an Additional Director w.e.f. January 27, 2021 in accordance with the provisions of Sections 149, 152, 160 and 161 of the Companies Act, 2013 and Articles of Association of the Company. In accordance with the provisions of Section 161 of Companies Act, 2013, Mr. Christian Mueller shall hold office up to the date of this AGM.

No director, KMP or their respective relatives, except Mr. Christian Mueller, to whom the resolution relates, is interested or concerned, financially or otherwise, in the resolution.

Mr. Christian Mueller does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Item No.5: Appointment of Mr. Roland Bouchara (DIN: 09201031) as a Director:

Mr. Roland Bouchara was appointed as an Additional Director w.e.f. September 02, 2021 in accordance with the provisions of Sections 149, 152, 160 and 161 of the Companies Act, 2013 and Articles of Association of the Company. In accordance with the provisions of Section 161 of Companies Act, 2013, Mr. Roland Bouchara shall hold office up to the date of this AGM.

No director, KMP or their respective relatives, except Mr. Roland Bouchara, to whom the resolution relates, is interested or concerned, financially or otherwise, in the resolution.

Mr. Roland Bouchara does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

By Order of the Board,

Sd/-
Rasika Kulkarni
Company Secretary

Hosur
Date: September 6, 2021

Disclosure relating to Directors pursuant to Secretarial Standards on General Meetings:

Name of Director	**Mr. Arnaud Deboeuf**	**Mr. Vincent Baron**	**Mr. Christian Mueller**	**Mr. Roland Bouchara**
Age	54 years	47 years	52 years	63 years
Date of Appointment	06/11/2020	04/12/2020	27/01/2021	02/09/2021
Experience	Professional	Professional	Professional	Professional
Qualifications	Post Graduate	Graduate (Engineer)	Master Mechanical Engineering	Graduate
Other Directorships (Indian)	NA	NA	NA	PCA Automobiles India Private Limited
Chairman/ Member of the Committee of other Boards	Nil	Nil	Nil	Nil
No. of Shares held in the Company	Nil	Nil	Nil	Nil
Relationship with other Directors/ Manager/ KMP	Nil	Nil	Nil	Nil

REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting the Fourth Annual Report of your Company and the Audited Financial Statements for the year ended March 31, 2021.

FINANCIAL SUMMARY

The financial summary of your company for the year under review is as under:

(Rs. in lakhs)

Particulars	For the period ended March 31, 2021	For the period ended March 31, 2020
Income	31,589.39	22,511.84
Less: Expenditure	30,670.34	23,581.2
Less: Depreciation and Amortization	2569.64	2194.08
Profit /(Loss) before Tax	(1650.61)	(3,263.46)
Deferred Tax (Credit)	-	-
Profit /(Loss) after Tax	(1650.61)	(3,263.46)
Other comprehensive income / loss for the year	4.33	5.25
Total comprehensive income/ (expense) for the year	-	-
Transfer to Reserves	-	-
Total comprehensive income/ (expense) for the year	(1646.27)	(3,258.21)

COMPANY'S PERFORMANCE

Pursuant to the execution the Joint Venture agreement on 25th January 2017 between PSA Group and CK Birla Group, your company was incorporated on 26 May, 2017 for manufacture and supply of next generation engines and gear boxes in the automotive segment. The first facility for manufacture and assembly of gearboxes was established on 22 November, 2018 in presence of Mr. Carlos Tavares and Mr. C K Birla. The first gearbox program was put in production from May 2019 and thousands of gearboxes been shipped to PSA car plants in Europe. For year ended 31 March 31, 2021, revenue generated from operations was 30,107.8 INR Lakhs and Total Income was 31,589.39 INR Lakhs. Your company faced several challenges during FY20-21, essentially related to the worldwide pandemic. The plant was shut down during one full month and the activity was affected by the COVID issues faced by our suppliers. Some supplier quality issues and machine breakdowns have also disturbed the production forecasted. Nevertheless, the production level for FY 20-21 increased strongly to reach 123,150 gearboxes, that led to a financial Net Loss of (1,650.6) INR Lakhs, significantly reduced compared to last year (the financial losses has been cut down almost by 50% over last year) . Major challenges not linked to pandemic consequences have been resolved and action plans are in place to over-come the others. Efficiency improvement, visual management in the shopfloor and supplier dual sourcing participated to the improvement of PAPPL results. First time in a month, we produced more than 20,000 gearboxes in March 2021, with a record End of Line DRR (Direct Run) at 98,7%

In addition to the gearbox program under production, two engine programs and one gearbox program were approved for localization in the Joint Venture during the partner discussion held in 2018. In this year, the additional CKD assembly engine program, developed to support the brand launch and first vehicle of PSA's entry in India was implemented with a SOP (Start of Production) in September 2020. Mass production is running without any issue. EBNA engine and MA gearbox programs entered in the launch phases, with the start of the on-line phase for both products, for which SOP will happen in H2 2021. The development for the EBDT (turbo version) is ongoing, with a first engine cranked successfully on bench on April 2021.

Your company has provided an avenue for it's parent company PSA to transact with the Indian supplier base in line with the 'Make in India' initiative. A significant number of employment opportunities have been generated by your company both directly and indirectly through its partner suppliers. Your company has conducted recruitment drives across India to promote a diverse and inclusive workforce. In addition, your company has engaged in clean energy initiatives with contracts in place for Solar and Wind based power generation. Roof top solar based power generation has been commissioned on the gearbox facility and your company plans to have a similar setup for the engine facility.

In FY20-21, the shareholding pattern has continued to evolve, from 67% for PSA Automobiles and 33% for CK Birla Group, to 73% for PSA Automobiles and 27% for CK Birla Group.

DIVIDEND

In view of Losses, your Directors do not recommend any Dividend.

TRANSFER TO RESERVES:

The Company has not transferred any amount for the financial year ended 31st March, 2021 to the Reserves and Surplus account of the Company.

CHANGES IN THE SHARE CAPITAL OF THE COMPANY

The Authorized Share Capital of the Company is Rs.3,000,000,000/- (Rupees Three Hundred Crores only) divided in to 300,000,000 Equity Shares of Rs.10/- each. The Issued, Subscribed and Paid-up Share Capital of the Company is Rs.3,000,000,000/- (Rupees Three Hundred Crores only) divided in to 300,000,000 Equity Shares of Rs.10/- each, fully paid-up.

The Authorized Share Capital of the Company has been increased from Rs, 2,500,000,000/- (Rupees Two Hundred Fifty Crores only) to Rs. 3,000,000,000/- (Rupees Three Hundred Crores only) by the ordinary resolution passed by the shareholders of the company at their meeting on 16th July 2020.

Your Company is a joint venture between PSA Automobiles SA and CK Birla Group. In JV Company, PSA Automobiles SA holds 73.33% shares whereas CK Birla Group along with its affiliates holds 26.67% shares.

BOARD MEETINGS

During the year under review, Five (5) Board Meetings were held i.e. on April 03, 2020, June 19, 2020, July 29, 2020, October 16, 2020 and January 27, 2021 respectively.

Attendance of each Director at the Board Meetings held during the financial year 2020-21 are given below:

Name of Director	Category of Directorship	No. of Board Meetings attended
Mr. Prabhakar Kadapa (Resigned on November 17, 2020)	Managing Director & Chief Executive Officer	4
Mr. T.E.S. Varadhan	Non-Executive Director	5
Mr. Emmanuel Delay	Non-Executive Director	5
Mr. A. Sankaranarayanan	Non-Executive Director	5
Mr. Yann Vincent (Resigned on October 31, 2020)	Non-Executive Director	3
Mr. Alain Raposo (Resigned on July 31, 2020)	Non-Executive Director	3
Mr. Arnaud Deboeuf (Appointed on November 6, 2020)	Non-Executive Director	1
Mr. Vincent Baron (Appointed on December 4, 2020)	Executive Director	1
Mr. Christian Mueller (Appointed on January 27, 2021)	Non-Executive Director	1

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

During the period under review, there have been no significant or material orders passed by the regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board at present comprises of 6 (Six) Directors. Following are the changes in board of directors of the company during the period under review.

Mr. Alain Raposo was resigned as director of the company with effect from 31st July, 2020. Mr. Prabhakar Kadapa was resigned as Managing Director and CEO of the Company with effect from 17th November, 2020. Mr. Yann Vincent was resigned as director of the Company with effect from 31st October, 2020. Mr. Arnaud Deboeuf was appointed as additional director of the Company with effect from 6th November, 2020. Mr. Vincent Baron was appointed as additional director of the Company with effect from 4th December, 2020, Mr. Christian Mueller was appointed as additional director of the Company with effect from 27th January, 2021. Mr. Roland Bouchara was appointed as additional director of the Company with effect from 2nd September, 2021 and Mr. Emmanuel Delay was resigned as Director of the Company with effect from closing of business hours of 2nd September, 2021.

As per declarations received, none of the Directors of the Company is disqualified to be appointed as a Director of any Private Limited Company in terms of Section 164(2) of the Companies Act, 2013.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

There were no material changes occurred that would affect the financial position of the Company between the end of the financial year 2020-2021 to which this financial statement relates and on the date of this report.

DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATES

The Company does not have any Subsidiary, Joint Venture or Associate Company.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has investment in Citron Ecopower Pvt. Ltd and as on 31st March 2021, the company was holding 644000 shares of Rs. 10 each amounting to Rs. 64,40,000. Pursuant to transfer of shares during the financial year 2020-21, Company's shareholding in Citron Ecopower Pvt. Ltd as on 31st March 2021 was 644000 shares of Rs 10 each amounting to Rs. 64,40,000.

There are no loans given, guarantees given and securities provided by the Company which are covered under the provisions of the Section 186 of the Companies Act, 2013 during the financial year 2020-21.

STATEMENT IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS

a) Your Directors hereby report that, your Company has maintained adequate internal controls commensurate with its size and its nature of the operation. There are suitable monitoring procedures in place to provide reasonable assurance for accuracy and timely reporting of the financial information and compliance with the statutory requirements. There are proper policies, guidelines and delegation of powers issued for the compliance of the same across the Company.

b) For the purpose of ensuring accuracy in the preparation of the financials, your company has implemented various checks and balances like periodic reconciliation of major accounts, review of accounts, obtaining confirmation of various balances and proper approval mechanism.

c) Your Company has documented all major processes in the area of expenses, bank transactions, payments, statutory compliances and period end financial accounting process. Your Company is continuously putting its efforts to align the processes and controls with the best practices in the industry.

d) The Company does not have the Audit committee of the Board and hence the Board of Directors periodically reviews the important matters and monitors the compliance of the internal controls system.

STATUTORY AUDITORS

The Board of Directors at their meeting held on May 22, 2018, had re-appointed M/s. S R Batliboi & Co., Chartered Accountants (FRN 301003E/ E-300005), as Auditors of your Company for a period of 4 (four) years from the conclusion of the first AGM till the conclusion of the fifth AGM of the Company.

COST RECORDS

The provisions of maintaining cost records as specified in the Companies Act, 2013 were applicable to the Company during the period under review and accordingly, such accounts and records maintained in proper manner. However, the provisions of cost audit as specified in the section 148 of the Companies Act, 2013 were not applicable to the Company during the period under review.

RISK MANAGEMENT

The Company has formulated certain policies on Risk Management and the management of the company is evaluating the risks periodically and taking steps to control and mitigate the same through a properly defined framework.

RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 during the year were in the ordinary course of business and on an arm's length basis. There are no materially significant Related Party Transactions (RPTs) made by the Company with directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The details of the RPTs in Form AOC-2 is enclosed and marked as **Annexure A**. In accordance with Accounting Standard 18, the RPTs are disclosed under Note No.31 of the Notes to the Accounts.

PUBLIC DEPOSIT

During the year under review, the Company has not accepted/renewed any deposits from the Public within the meaning of Section 73 of the Companies Act, 2013 and rules made thereunder.

EXPLANATION TO THE QUALIFICATIONS IN AUDITOR'S REPORT

There are no qualifications or adverse remarks in the Auditor's Report.

CONSERVATION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The particulars as prescribed under Section 134 (3) (m) of the Companies Act, 2013 and Rule 8 (3) of the Companies (Accounts) Rules, 2014 are furnished hereunder:

a) Conservation of energy:

(i) The present connected load is 6500 KW and operational load is 3000 KW in FY 2020-2021

(ii) The Company is running 40% of its operational load through solar power (960 KW) during available time and initiated additional 3rd party 960 KW solar power which will be operational from April – 2022 resulting in savings to the tune of 2.5 MINR.

(iii) Wind power agreement is in place and gets allotted month on month 50 % to 80% based on wind energy availability.

b) Technology absorption:

We have started the manufacturing of MB6 type of Gear box (6 speed, 250Nm) and achieved localization around 80% till date. We have successfully completed the validation of 3 cylinder naturally aspirated engine proto types. We have successfully completed the HL & EL production of naturally aspirated engine and are now in process of batch method to converge SOP (ADOS).

Subsequently we have also started working on Development of 3 cylinder Turbo charged engines and mechanical gear box (5 speed, 160 Nm). We are in HL tooled up sample production of Turbo charged engines.

Over this year we have built well experienced team for Development and testing of Gear box and Gasoline Engine. We are in HL tooled up sample production of Turbo charged engines.

c) Foreign exchange earnings during the year is Rs. 2,86,34,93,063/- and outgo during the year is Rs. 1,811,317,916/.

EXTRACT OF THE ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013 an extract of the Annual Return in Form MGT-9 is given in **Annexure B** to this Report.

ENVIRONMENT, SAFETY AND HEALTH

Your Company is committed to the safety of employees and third party. Hence, the Company is engaging all stakeholders involved, directly or indirectly in activities related to safety.

Your Company has taken various steps to promote safety, health and pollution control. Your Company is committed to implementing world class safety standards and embedding a safety culture throughout the organization. Your Company has upgraded the plant's process safety through better instrumentation and control and training.

Your Company's continuous thrust is on conserving natural resources by reducing consumption of water and auxiliary power. Your Company has taken significant steps to protect the environment by maintaining a green belt inside the plant and planting of trees around the plant site.

COVID -19

FY 2020-21 was deeply affected by the COVID-19 pandemic, which became a worldwide crisis. Nearly all services and factories were suspended in lockdown until May'2020 to stem the spread of COVID – 19. As a result, the plant was shutdown for one month from March 25, 2020 and work from home has been enabled to support staff to work remotely and securely. After resuming the operation, the production has started to increase slowly, impacted by some parts shortage and workers availability in supplier premises. Note that the priority was always to ensure the safety of the employees of your company, by implementing a strong safety protocol. Continuous awareness communication, messages from leadership and increased internal audit supported us in maintaining healthy environment.

Considering the duration of the pandemic, we have authorized partial work from home during all the year for the teams that are not operationally linked to production. We also implemented two vaccination camps in the plant and ensured the double dose vaccination of all the employees of your company.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has in place a policy on Prevention of Sexual Harassment at the

Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No complaint was received during the year under review.

INDUSTRIAL RELATIONS

The Industrial relations with the employees and workmen of the Company continued to be cordial. Your Company continues to improve manpower productivity.

SECRETARIAL STANDARDS

The Company complies with all applicable secretarial standards.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors wish to inform that the Audited Accounts containing Financial Statements for the financial year ended 31st March 2021 are in full conformity with the requirements of the Companies Act, 2013. Your Directors believe that the Financial Statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and result of operations.

As stipulated in Section 134(5) of the Companies Act, 2013, Your Directors subscribe to the Directors' Responsibility statement and confirm that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed with proper disclosure of any departure, if any;

2. The accounting policies have been consistently applied and reasonable, prudent judgment and estimates are made so as to give a true fair view of the state of affairs of your Company as at 31st March 2021 and of the Profit for the financial year ended 31st March 2021;

3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. The annual accounts of your company have been prepared on a going concern basis;

5. The proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Your Directors place on record their sincere appreciation for the continued support from the Shareholders, Bankers, Government Authorities, Suppliers, Employees and all others who have been associated with the Company for their cooperation, continued support and for the confidence reposed by them in the Management of the Company.

By Order of the Board,

	Sd/-	**Sd/-**
Place: Hosur	Arnaud Deboeuf	Vincent Baron
Date: 2nd September, 2021	**Director**	**Director**
	DIN: 08950323	**DIN:** 08969623

Annexure A

FORM NO. AOC.2

(Pursuant to Section 134(3)(h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

i) There were no contracts or arrangements or transactions entered into during the year ended March 31, 2021, which were not at arm's length basis.

ii) The details of material contracts or arrangement or transactions at arms' length basis during the year ended March 31, 2021 are as follows:

Duration: 2020-21 (Rs in Lakhs)

Name and nature of relationship	Nature of Contract/ arrangements/transaction	Salient terms including the value, if any	Date of approval by the Board	Amount paid or received
PSA Automobiles S.A. (Promoter)	Purchase of Raw Materials & Components, Finished Goods and Spares for Finished Goods	Arm's length & in the ordinary course of business	-	10,255.20
	Sale of Services	Arm's length & in the ordinary course of business	-	4092.27
	Sale of goods	Arm's length & in the ordinary course of business	-	3.49
	Reimbursement of Expenses (Receipt)	Reimbursement of expenses at actuals & no markup cost	-	57.37
	IT Hardware Maintenance	Arm's length & in the ordinary course of business	-	35.33
AVTEC Limited (Promoter)	Purchase of Raw Materials & Components, Finished Goods and Spares for Finished Goods	Arm's length & in the ordinary course of business	-	2,321.13
	Purchase of Capital goods	Arm's length & in the ordinary course of business	-	29.70
PCA Motors India Private Limited (Promoter Group)	Sale of Services	Arm's length & in the ordinary course of business		190.11
	Reimbursement of Expenses (Receipt)	Reimbursement of expenses at actuals & no markup cost	-	17.54
	Reimbursement of Expenses (Payment)	Reimbursement of expenses at actuals & no markup cost	-	408.19
National Bearings Company (India) Limited (Promoter Group)	Purchase of Raw Materials & Components, Finished Goods and Spares for Finished Goods	Arm's length & in the ordinary course of business	-	379.84
Dongfeng Peugeot Citroen Automobile	Purchase of Raw Materials & Components, Finished Goods and Spares for Finished Goods	Arm's length & in the ordinary course of business	-	2.77
Opel Automobile GmbH	Purchase of Raw Materials & Components, Finished Goods and Spares for Finished Goods	Arm's length & in the ordinary course of business	-	96.09

PCA Automobiles India Pvt Ltd	Sale of finished Goods	Arm's length & in the ordinary course of business	-	646.60
	Sale of MEIS License	Arm's length & in the ordinary course of business	-	57.28
Opel España, S.L.U-Zaragoza	Sale of finished Goods	Arm's length & in the ordinary course of business	-	13,084.10
Peugeot Citroen Do Brasil	Sale of finished Goods	Arm's length & in the ordinary course of business	-	52.56
Peugeot Citroen Automoviles Espana	Sale of finished Goods	Arm's length & in the ordinary course of business	-	11,548.60
GMMCO Limited	Purchase of Raw Materials & Components, Finished Goods and Spares for Finished Goods	Arm's length & in the ordinary course of business	-	0.28
	Purchase Of Capital goods	Arm's length & in the ordinary course of business	-	76.69

By Order of the Board,

	Sd/-	**Sd/-**
Place: Hosur	Arnaud Deboeuf	Vincent Baron
Date: 2nd September, 2021	**Director**	**Director**
	DIN: 08950323	**DIN:** 08969623

Annexure B

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2021

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1.	Corporate Identity Number	U29309DL2017PTC318264
2.	Registration Date	May 26, 2017
3.	Name of the Company	PSA AVTEC Powertrain Private Limited
4.	Category/Sub-category of the Company	Company having share capital
5.	Address of the Registered office & contact details	7th Floor, Birla Tower, 25, Barakhamba Road, New Delhi 110 001 Tel: +91 11 4209 2100, Web: www.psa-avtec.com
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent	Cameo Corporate Services Limited Subramanian Building, No.1, Club House Road, Chennai 600 002, Tel: 044-28460390 www.cameoindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Manufacture of Machinery and Equipment n.e.c.	2911	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: -

The Company is a joint venture between AVTEC Limited and PSA Automobiles SA, PSA holds 73.33% of the paid-up share capital of the Company and AVTEC holds 26.67% of the paid-up share capital of the Company.

Pursuant to PSA Automobiles SA shareholding in the company is 73.33%, the PSA Automobiles SA is considered as holding company under the purview of the Companies Act, 2013.

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as % of Total Equity)

A) Category-wise Shareholding

Category of Shareholders	No. of shares held at the beginning of the year [as on April 01, 2020]	No. of shares held at the end of the year [as on March 31, 2021]	% Change during the year

	Demat	Physical	Total	%	Demat	Physical	Total	%	
Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp	30000000	50000000	80000000	33.33	30000000	50000000	80000000	26.67	(6.66)
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub Total: (A)(1)	30000000	50000000	80000000	33.33	30000000	50000000	80000000	26.67	(6.66)
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other- Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp	0	160000000	160000000	66.67	0	220000000	220000000	73.33	6.66
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A)(2)	0	160000000	160000000	66.67	0	220000000	220000000	73.33	6.66
Total Promoter Shareholding (A)=(A)(1)+(A)(2)	30000000	210000000	240000000	100	30000000	270000000	300000000	100	0
B. Public Shareholding									
1.Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0

e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
Sub Total (B)(1):	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) holding up to ₹1 lac	0	0	0	0	0	0	0	0	0
ii) holding in excess of ₹1 lac	0	0	0	0	0	0	0	0	0
c) Others	0	0	0	0	0	0	0	0	0
Sub Total (B)(2):	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	30000000	210000000	240000000	100	30000000	270000000	300000000	100	0

B) Shareholding of Promoter:

S No	Shareholder's Name	Shareholding at the beginning of the year [as on April 01, 2020]			Shareholding at the end of the year [as on March 31, 2021]			% change during the year
		No. of Shares	% of total Shares	% of shares Pledged/ encumbered	No. of Shares	% of total Shares	% of Shares Pledged / encumbered	
1	PSA Automobiles SA	160000000	66.67	0	220000000	73.33	0	6.66
2	AVTEC Limited	44000000	18.33	0	1000	0.01	0	[18.32]

C) Change in Promoters' Shareholding *(please specify, if there is no change)*:

S. No.		Shareholding at the beginning of the Year [as on April 01, 2020]		Cumulative Shareholding during the year	
		No. of Shares	**% of total shares**	**No of shares**	**% of total shares**
1	**AVTEC Limited**				
	At the beginning of the year	44000000	18.33	44000000	18.33
	Transfer to RANCHI ENTERPRISES PROPERTIES LTD	[10000000]	[3.33]	34000000	11.33
	Transfer to BENGAL RUBBER COMPANY LIMITED	[2500000]	[0.83]	31500000	10.5
	Transfer to CENTRAL INDIA INDUSTRIES LTD	[19999000]	[6.67]	11501000	3.83
	Transfer to AMER INVESTMENTS (DELHI) LIMITED	[5500000]	[1.83]	6001000	2.00
	Transfer to GMMCO LIMITED	[6000000]	[2]	1000	0.01
	At the end of the year			1000	0.01
2	**PSA Automobiles SA**				
	At the beginning of the year	160000000	66.67	160000000	66.67
	Allotment on 19/08/2020	30000000	10	190000000	63.33
	Allotment on 05/10/2020	30000000	10	220000000	73.33
	At the end of the year			220000000	73.33

D) Shareholding Pattern of top ten Shareholders *(Other than Directors, Promoters and Holders of GDRs and ADRs)*:

S. No.		Shareholding at the beginning of the Year [as on April 01, 2019]		Cumulative Shareholding during the year	
	For each of the top 10 Shareholders	**No. of Shares**	**% of total shares**	**No of shares**	**% of total shares**
1	**Bengal Rubber Company Limited**				
	At the beginning of the year	4500000	1.9		
	Transfer on 30/03/2021	2500000	0.83		
	At the end of the year			7000000	2.33
2	**Central India Industries Limited**				
	At the beginning of the year	20500000	8.5		
	Transfer on 30/03/2021	19999000	6.67		
	At the end of the year			40499000	13.50
3	**Ranchi Enterprises Properties Limited**				
	At the beginning of the year	6000000	2.5		
	Transfer on 30/03/2021	1000000	3.33		
	At the end of the year			6000000	2.5
4	**Special engineering services Limited**				
	At the beginning of the year	5000000	2.1		
	At the end of the year			5000000	1.67

5	AMER INVESTMENTS (DELHI) LIMITED				
	At the beginning of the year				
	Transfer on 30/03/2021	5500000	1.83		
	At the end of the year			5500000	1.83
6	GMMCO LIMITED				
	At the beginning of the year				
	Transfer on 30/03/2021	6000000	2.00		
	At the end of the year			6000000	2.00

E) Shareholding of Directors and Key Managerial Personnel: Nil

V) INDEBTEDNESS: Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,338,054,621	NIL	NIL	2,338,054,621
ii) Interest due but not paid		NIL	NIL	
iii) Interest accrued but not due	9,605,055	NIL	NIL	9,605,055
Total (i+ii+iii)	2,347,659,676	NIL	NIL	2,347,659,676
Change in Indebtedness during the financial year				
* Addition	1,097,815,000	NIL	NIL	1,097,815,000
* Reduction	467,610,924	NIL	NIL	467,610,924
Net Change	630,204,076	NIL	NIL	630,204,076
Indebtedness at the end of the financial year				
i) Principal Amount	2,968,258,697	NIL	NIL	2,968,258,697
ii) Interest due but not paid		NIL	NIL	
iii) Interest accrued but not due	11,089,272	NIL	NIL	11,089,272
Total (i+ii+iii)	2,979,347,969	NIL	NIL	2,979,347,969

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs in Lakhs)

S. No.	Particulars of Remuneration	Prabhakar Kadapa (MD&CEO) (Till November 17, 2020)
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	225
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-

	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of Profit - others	-
5	Others	-
Total		225

B. Remuneration to other directors: Nil

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD:

(Rs in Lakhs)

S. No	**Particulars of Remuneration**	**Rasika Kulkarni (Company Secretary)**	**Jerome Dubrac (CFO)**	**Vincent Baron (Executive Director)**
	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	18	91.18	47.96
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	170.36	76.50
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of Profit - others	-	-	-
5	Others	-	-	-
6	Less: Total Amount of any other exemption under section 10	-	46.78	19.28
Total		18	214.76	105.18

VII. Penalties/ Punishment/ Compounding of Offences:

There has been no penalty or punishment or Compounding of Offences under the Companies Act, 2013 for the year March 31, 2021.

By Order of the Board,

Sd/- **Sd/-**

Place: Hosur
Date: 2nd September, 2021

Arnaud Deboeuf
Director
DIN: 08950323

Vincent Baron
Director
DIN: 08969623

INDEPENDENT AUDITOR'S REPORT

To the Members of PSA Avtec Powertrain Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of PSA Avtec Powertrain Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

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

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in

India, including the [Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the [Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (f) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2021;

   (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;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

__SD/-____________________________
per Atul Seksaria
Partner
Membership Number: 086370
UDIN:
Place of Signature:
Date:

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date.
Re: PSA AVTEC Powertrain Private Limited ("the Company")

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

(b) All property plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company. As explained to us, the title deed of land is given as security (mortgage and charge) against the term loan taken from bank.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) 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) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of automotive Engines and Gearboxes, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, income-tax, duty of custom, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to employees' state insurance are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, customs duty, goods and service tax, and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank or financial institution. The Company did not have any outstanding loans and borrowings dues is respect to government or dues to debenture holders during the year.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the money raised by way of term loan for the purposes for which they were raised. According to the information and explanation given by the management, the Company has not raised any money by way of initial public offer or further public offer or debt instruments.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi and Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005
Sd/-
per **Atul Seksaria**
Partner
Membership No: 086370
UDIN:
Place of Signature: Gurugram
Date: September 2, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF PSA AVTEC POWERTRAIN PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of PSA AVTEC Powertrain Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.

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

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

___SD/-____________________________
per Atul Seksaria
Partner
Membership Number: 086370
UDIN:
Place of Signature: Gurugram
Date: September 2, 2021

PSA Avtec Powertrain Private Limited
Balance Sheet as at March 31 2021
(Rupees in lakhs, except for share data and if otherwise stated)

	Note	As at March 31 2021	As at March 31 2020
I. ASSETS			
Non-current assets			
a. Property, plant and equipment	3	**27,022.12**	**25,546.40**
b. Capital work-in-progress	3	**20,876.88**	**3,801.01**
d. Other intangible assets	4	**189.62**	**236.43**
e. Other Financial assets	5	**1,707.09**	**3,324.40**
f. Other non-current assets	6	**855.92**	**2,726.26**
Total non-current assets		**50,651.63**	**35,634.50**
Current assets			
a. Inventories	7	**16,535.55**	**8,805.10**
b. Financial assets			
(i) Trade Receivable	8	**1,284.39**	**208.69**
(ii) Cash and cash equivalents	9	**682.25**	**6,325.55**
(iii) Other financial assets	10	**312.93**	**240.15**
c. Other current assets	11	**10,181.09**	**2,954.35**
Total current assets		**28,996.20**	**18,533.84**
TOTAL ASSETS		**79,647.83**	**54,168.34**
II. EQUITY AND LIABILITIES			
Equity			
a. Equity share capital	12	**30,000.00**	**24,000.00**
b. Other equity	13	**(7,130.26)**	**(5,483.98)**
Total equity		**22,869.74**	**18,516.02**
LIABILITIES			
Non-current liabilities			
a. Financial liabilities			
(i) Borrowings	14	**26,105.29**	**20,687.72**
b. Provisions	15	**183.90**	**72.26**
d. Deferred revenue	19	**4,102.83**	**2,188.39**
Total non-current liabilities		**30,392.03**	**22,948.37**
Current liabilities			
a. Financial liabilities			
(i) Borrowings	14	**4,676.11**	**4,676.11**
(i) Trade payables	16		
Total outstanding dues of micro enterprises and small enterprises; and		**210.47**	**63.42**
Total outstanding dues of creditors other than micro enterprises and small enterprises		**17,034.76**	**5,322.44**
(ii) Other financial liabilities	17	**2,154.01**	**407.54**
b. Provisions	15	**102.45**	**245.96**
c. Other current liabilities	18	**1,158.81**	**117.28**
d. Deferred revenue	19	**1,049.14**	**1,871.20**
Total current liabilities		**26,385.75**	**12,703.95**
Total equity and liabilities		**79,647.83**	**54,168.34**

Summary of significant accounting policies 2

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For **S.R. & Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors
PSA Avtec Powertrain Private Limited

sd/-
per Atul Seksaria
Partner
Membership No. : 086370

sd/-
Vincent Baron
Director
DIN: 08969623

sd/-
Arnaud Deboeuf
Director
DIN: 08950323

sd/-
Pruthiviraj Dora
General Manager

sd/-
Jerome Dubrac
Chief Financial Officer

sd/-
Rasika Abhishek Kulkarni
Company Secretary
M.No.: A31989

Place :
Date :

Place:
Date:

PSA Avtec Powertrain Private Limited
Statement of Profit and Loss for the year ended March 31 2021
(Rupees in lakhs, except for share data and if otherwise stated)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
Income			
Revenue from operations	20	**30,107.80**	**19,255.97**
Other income	21	**1,481.60**	**3,255.87**
Total income (I)		**31,589.39**	**22,511.84**
Expenses			
Cost of raw materials and other components consumed	22	**22,720.94**	**14,438.55**
Changes in inventories of finished goods and work-in-progress	23	**(6,291.35)**	**(2,576.50)**
Employee benefits expense	24	**4,496.93**	**2,778.76**
Finance costs	25	**1,762.04**	**2,984.49**
Depreciation and amortisation expense	26	**2,569.64**	**2,194.08**
Other expenses	27	**7,981.78**	**5,955.91**
Total expenses (II)		**33,239.98**	**25,775.28**
Profit/(Loss) before exceptional items and tax (I - II = III)		**(1,650.61)**	**(3,263.46)**
Exceptional items (IV)		**-**	**-**
Profit/(Loss) before tax (III-IV=V)		**(1,650.61)**	**(3,263.46)**
]			
Tax expense: (VI)	28		
- Current tax		**-**	**-**
- Deferred tax (adjustment)		**-**	**-**
Total tax expense		**-**	**-**
Profit/(Loss) for the year (V-VI= VII)		**(1,650.61)**	**(3,263.46)**
Other comprehensive income / (loss) (VIII)			
Items that will not be reclassified to profit and loss in subsequent periods			
(i) Remeasurement of defined benefit liability (provided/adjusted)		**4.33**	**5.25**
(ii) Income tax relating to remeasurements of defined benefit liability		**-**	**-**
Total other comprehensive income / loss for the year (VIII)		**4.33**	**5.25**
Total comprehensive income/ (expense) for the year (VII + VIII = IX)		**(1,646.27)**	**(3,258.21)**
Earnings per equity share	29		
1. Basic		**(0.60)**	**(1.83)**
2. Diluted		**(0.60)**	**(1.83)**
Summary of significant accounting policies	2		

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For **S.R. & Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

sd/-
per Atul Seksaria
Partner
Membership No. : 086370

For and on behalf of the Board of Directors
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DIN: 08969623

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Arnaud Deboeuf
Director
DIN: 08950323

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Pruthiviraj Dora
General Manager

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Jerome Dubrac
Chief Financial Officer

sd/-
Rasika Abhishek Kulkarni
Company Secretary
M.No.: A31989

Place :
Date :

Place:
Date:

PSA Avtec Powertrain Private Limited
Statement of cash flow for the year ended March 31 2021
(Rupees in lakhs, except for share data and if otherwise stated) **(0.00)** **0.00**

Particulars	March 31, 2021	March 31, 2020
A. Cash flow from operating activities		
Profit/(loss) before tax	(1,650.61)	(3,263.46)
Adjustment to reconcile profit before tax to net cash flow:		
Depreciation and amortisation expense	2,569.65	2,194.09
Net loss on disposal of Property, plant and equipment	6.26	-
Unrealised Foreign Exchange Loss/(Gain) (Net)	(200.13)	(179.88)
Unrealised Foreign Exchange Loss/(Gain) (Net) on ECB restatement	(866.07)	1,970.51
Interest rate swaps recorded using the Mark to Market (MTM) approach	(762.71)	973.86
MTM Loss/(Gain) on Derivative	1,628.78	(2,944.40)
Allowance for impairment of doubtful loans and advances	-	11.93
Interest Income	(52.17)	(109.67)
Working Capital changes:		
(Increase) / Decrease in Trade receivables	(1,106.86)	456.05
(Increase) in Inventories	(8,468.37)	(6,638.20)
Decrease / (Increase) in Other non-current assets	1,870.34	(2,044.84)
(Increase) in Other Financial assets	(72.78)	(240.15)
(Increase) / Decrease in Other current assets	(9,189.57)	1,882.78
Increase in other financial liabilities	2,052.31	34.44
Increase in trade payables	12,015.09	4,515.72
Increase in other current liabilities	1,041.53	25.98
(Decrease) in Deferred revenue	(394.77)	(6.14)
(Decrease) / Increase in Provisions	(27.54)	65.58
		-
	(1,607.63)	**(3,295.80)**
Income tax (paid)/refund	-	-
Net cash flow (used) in/ from Operating Activities	**(1,607.63)**	**(3,295.80)**
B. Cash flow from investing activities		
Purchase of Intangible Assets (including Intangible Assets under Development)	(15.00)	(82.45)
Purchase of property plant & equipment (including CWIP)*	(17,199.15)	(10,226.08)
Proceeds from sale of property, plant and equipment	22.44	-
Loans & security deposit (given)/repaid	-	24.23
Bank deposits reedemed/(made)	751.25	(701.25)
Interest Received	45.57	61.08
Net cash flow (used) in/ from investing activities	**(16,394.89)**	**(10,924.47)**
C. Cash flow from financing activities		
Long-term borrowings taken during the year	6,283.64	8,557.85
Issue of Equity Share Capital	6,000.00	10,000.00
Net cash (used) in/ from financing activities	**12,283.64**	**18,557.85**
Net increase/(decrease) in Cash & Cash equivalent	(5,718.88)	4,337.58
Effect of exchange differences on cash and cash equivalents held in foreign currency	75.59	184.46
Cash & Cash equivalent at the beginning of the year	6,325.54	1,803.50
Cash & Cash equivalent at year end	**682.25**	**6,325.54**

* includes interest cost capitalised during the year amounting to Rs. 176.12 lakhs (March 31, 2020- Rs. 104.31 lakhs) to Property Plant and Equipment (including CWIP)

Summary of significant accounting policies	**2**

Notes :

1 The above Cash flow statement has been prepared under the “Indirect Method” as set out in Indian Accounting Standard-7, “Statement of Cash Flows”.

2 Components of cash and cash equivalents :

Rs. In lakhs

	As at 31 March 2021	**As at 31 March 2020**
Balances with banks		
- in current accounts	432.25	5,625.55
Deposits with maturity of less than three months	250.00	700.00
	682.25	**6,325.55**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **S.R. & Batliboi & Co. LLP**
Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

sd/-
per Atul Seksaria
Partner
Membership No. : 086370

For and on behalf of the Board of Directors
PSA Avtec Powertrain Private Limited

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Vincent Baron
Director
DIN: 08969623

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Arnaud Deboeuf
Director
DIN: 08950323

sd/-
Pruthiviraj Dora
General Manager

sd/-
Jerome Dubrac
Chief Financial Officer

sd/-
Rasika Abhishek Kulkarni
Company Secretary
M.No.: A31989

Place :
Date :

Place:
Date:

PSA Avtec Powertrain Private Limited
Statement of changes in equity for the year ended March 31 2021
(Rupees in lakhs, except for share data and if otherwise stated)

	As at March 31 2021		As at March 31 2020	
Equity shares of Rs 10 each issued , subscribed and fully paid	**Nos. in lakhs**	**Rs in lakhs**	**Nos. in lakhs**	**Rs in lakhs**
At the beginning of the year	2,400	24,000	1,400	14,000
Changes in Equity share capital during the year	600	6,000	1,000	10,000
At the end of the period	**3,000**	**30,000**	**2,400**	**24,000**

b. Other equity	As at March 31 2021		As at March 31 2020	
Particulars	**Reserves and Surplus**	**Total**	**Reserves and Surplus**	**Total**
	Retained earnings		**Retained earnings**	
At the beginning of the year	(5,483.99)	(5,483.99)	(2,225.77)	(2,225.77)
Profit during the year	(1,650.61)	(1,650.61)	(3,263.46)	(3,263.46)
Other comprehensive income				
- Remeasurements of the net defined benefit plans	4.33	4.33	5.25	5.25
At the end of the period	**(7,130.26)**	**(7,130.26)**	**(5,483.99)**	**(5,483.99)**

Summary of significant accounting policies 2
The accompanying notes are an integral part of the financial statements

As per our report of even date

For **S.R. & Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

sd/-
per Atul Seksaria
Partner
Membership No. : 086370

For and on behalf of the Board of Directors
PSA Avtec Powertrain Private Limited

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Vincent Baron
Director
DIN: 08969623

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General Manager

sd/-
Jerome Dubrac
Chief Financial Officer

sd/-
Rasika Abhishek Kulkarni
Company Secretary
M.No.: A31989

Place :
Date :

Place:
Date:

1. Corporate information

PSA Avtec Powertrain Private Limited (hereinafter referred to as 'the Company') is a private company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. It was incorporated on 26th May 2017 to carry on the business of manufacturing automotive Engines and Gearboxes and in the process fabricate and assemble, buy, sell, import, export, distribute and deal in automobile parts of Engines and Gearboxes.

The registered office of the company is located at Birla Tower,7th Floor, 25, Barakhamba Road, Connaught Place, New Delhi-110001.

The financial statements are approved for issue in accordance with a resolution of the Board of Directors on September 2, 2021.

2. Significant accounting policies

2.1 Basis of Preparation

The Standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

The financial statements have been prepared on historical cost convention on an accrual basis, except for the certain financial assets and liabilities (refer accounting policy regarding financial instruments) which have been measured at fair value.

They are presented in INR and all values are rounded to the nearest lakh (INR 00,000), except when otherwise indicated.

2.2 Summary of significant accounting policies

a) Revenue Recognition

Revenue from contract with customers

Revenue from contract with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.2(r).

Sale of goods

Revenue from the sale of goods be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of services

Revenue from service transactions are recognized on the basis of percentage of completion method. Revenue from service comprise amounts billed periodically in respect of research and development services and is determined on the basis of an agreed mark-up on the costs incurred, in accordance with the arrangements entered into with the holding company.

Interest income
Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head “finance income” in the statement of profit and loss.

Export Benefits
Export benefits under duty drawbacks / MEIS are recognised on accrual basis.

Contract Balances

Contract assets
A contract Asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays considerations or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables
A receivable represents the Company’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).Refer to accounting policies of financial assets in 2.1(k) Financial instruments-initial recognition and subsequent measurement.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier).Contract liabilities are recognized as revenue when the Company performs under the contract.

b) Current versus Non-Current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:
1. Expected to be realised or intended to be sold or consumed in normal operating cycle,
2. Held primarily for the purpose of trading,
3. Expected to be realised within twelve months after the reporting period, or
4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
1. It is expected to be settled in normal operating cycle,
2. It is held primarily for the purpose of trading,
3. It is due to be settled within twelve months after the reporting period, or
4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c) Foreign currency translation and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

d) Property, Plant and Equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the items and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives

Subsequent costs are included in the asset's carrying amount or recognized 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. Further, when each major overhaul/repair is performed, its cost is recognized in the carrying amount of the item of property, plant and equipment if the recognition criteria are satisfied. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Depreciation on tangible fixed assets is provided in accordance with the manner and useful life as specified in Schedule II of the Companies Act, 2013, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets).

Depreciation:

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives prescribed under Schedule II of the Companies Act 2013. The Company has used the following useful life to provide depreciation on its fixed assets.

Assets	**Useful Lives estimated by the Management**
Plant & Machinery*	10-12
Factory Building*	5-30
Furniture and Fixtures	10
Computers and Data processing equipment- End user devices, such as, desktops, laptops, etc	3
Office equipment	5
Software	5
Vendor Tools*#	7
Motor Vehicle	8

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

In case of Die casted tool company has estimated life of assets based on the number of units sold during the year.

The asset's residual values, useful lives and method of depreciation/amortization are reviewed at each reporting period and adjusted prospectively, if appropriate.

e) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

f) Inventories

Inventories are valued at the lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:

1. Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, bought out parts, components and consumables is determined on a Weighted Average Cost basis.

2. Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

g) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
► Debt instruments at amortised cost
► Debt instruments at fair value through other comprehensive income (FVTOCI)
► Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
► Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A ‘debt instrument’ is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').
Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity Instruments

All equity instruments in scope of Ind AS 109 are measured at fair value and all changes in fair value are recorded in FVTPL.
On initial recognition an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI and fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. This election is made on an investment-by-investment basis.

Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

► The rights to receive cash flows from the asset have expired, or
► The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:
a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 116
d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
e) Loan commitments which are not measured as at FVTPL
f) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

► Trade receivables or contract revenue receivables; and
► All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

► All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
► Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

► Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.
► Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
► Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets.

Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

h) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges (if any), which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or nonfinancial liability.

For the purpose of hedge accounting, hedges are classified as:
- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

The Company has an interest rate and currency swap that is used as a hedge for the exposure of changes in the fair value of interest rate and foreign currency secured loan. See Note 36 for more details.

i) Retirement and other employee benefits

a) Defined Contribution Plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit Plan

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation.

Accumulated leaves, which are expected to be utilized within the next 12 months are treated as short-term employee benefit. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for, based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/ losses are immediately taken to the statement of profit and loss and are not deferred.

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 and the return on plan assets (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.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and date that the Company recognizes related restructuring costs.
- The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

When a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

• Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

• Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

j) Taxes

Tax expense comprises of current and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred Tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

Deferred tax assets and liabilities are offset only if, the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

k) Provisions, Contingent liabilities and Commitments

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

l) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.
Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and short-term investments with an original maturity of three months or less.

m) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit and Loss on a straight - line basis over the expected lives of related assets/ in proportion to the fulfilment of associated export obligations and presented within other income.

Government grants relating to the Inventory are included in non-current liabilities as deferred income and are credited to Profit and Loss in proportion to the consumption of corresponding Inventory on which duty has been saved.

The PSA automobile SA (The Group) has entered into an MOU dated January 24, 2019 with GoTN (Government of Tamil Nadu) for seeking incentive package for setting up new manufacturing units in the state of Tamil Nadu.

Since the MOU also covered the Company "PSA Avtec Powertrain Private Limited", the grant that would be received by PCA Automobiles India Private Limited (another group company part of the MOU) through the availment of SGST incentives on the sale of vehicles in state of Tamil Nadu, shall be accounted for on an appropriate allocation criteria based on the following factors:

i. The Group's intention to enter into a MOU with the GOTN was to be compensated for the investments made. Further, the GOTN articulates that the principal conditions for the fiscal incentives under the MOU is the making of the investment of certain amount in certain fixed assets.
ii. The other condition of generating employment is considered as a secondary condition as grant is not for the hardship/costs associated with generating local employment. Consequently, the Company will factor the same to determine if there is a reasonable assurance of collection.
iii. GoTN has provided a mechanism to determine the quantum of incentive – SGST paid on motor vehicles that finally get registered and used in the state of Tamil Nadu. This is to ensure that GoTN pays grant only to the extent it receive the money by way of SGST. Given that the SGST paid will limit the quantum of grant eligible, management will factor the same as well while determining the maximum amount of grant to be recognized at any point in time.

Basis above, Company is of the view that the purpose of the grant is primarily related to the investment made by the PSA Group, however they will also factor in the other secondary conditions like employment and SGST paid to determine the reasonable assurance of collection and the quantum of grant to be recognised at any point of time.

n) Segment accounting

<u>Identification of segments</u>

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

<u>Allocation of common costs</u>

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

<u>Unallocated items</u>

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole

o) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

p) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

q) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

r) 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Estimates and assumptions

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

(a) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(b) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits 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. Further details about gratuity obligations are given in Note 32.

(c) Fair value measurement 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 this 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 financial instruments.

2.3 New and amended standards

Several amendments apply for the first time for the year ended 31 March 2021, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.
The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for

annual reporting periods beginning on or after the 1 April 2019. This amendment had no impact on the financial statements of the Company.

Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Company.
These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Company’s financial statements.

Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after the 1 April 2020. These amendments are not expected to have a impact on the Company’s financial statements.

3 Property, plant and equipment and capital work-in-progress

Particulars	Freehold Land	Office equipment	Computer Hardware	Furniture & Fixtures	Vehicles	Plant & Machinery	Vendor Tool	Buildings	Total	Capital work-in-progress
Cost										
As at April 1, 2019	1,398.60	60.50	160.44	7.37	32.93	12.99	-	-	1,672.83	21,678.81
Additions (including transfers from CWIP)	-	7.77	99.69	585.95	5.80	21,201.47	512.88	3,643.43	26,056.99	(17,877.80)
Disposals	-	-	-	-	-	-	-		-	-
Transfers	-	-	-	-	-	-	-		-	-
As at March 31, 2020	**1,398.60**	**68.27**	**260.13**	**593.32**	**38.73**	**21,214.46**	**512.88**	**3,643.43**	**27,729.82**	**3,801.01**
Additions (including transfers from CWIP)	-	0.09	61.68	9.60	-	1,665.35	600.00	1,675.53	4,012.26	17,075.86
Disposals	-	-	-	-	(38.73)	-	-		(38.73)	-
Transfers	-	-	-	-	-	-	-		-	-
As at March 31, 2021	**1,398.60**	**68.36**	**321.81**	**602.92**	**-**	**22,879.81**	**1,112.88**	**5,318.97**	**31,703.35**	**20,876.88**
Depreciation and Impairement										
As at April 1, 2019	-	(5.10)	(30.65)	(0.31)	(1.79)	(0.47)	-	-	(38.31)	-
Depreciation for the year	-	(12.97)	(70.91)	(45.85)	(4.40)	(1,593.27)	(273.91)	(143.80)	(2,145.11)	-
Disposals	-	-	-	-	-	-			-	-
As at March 31, 2020	**-**	**(18.07)**	**(101.56)**	**(46.16)**	**(6.19)**	**(1,593.74)**	**(273.91)**	**(143.80)**	**(2,183.42)**	**-**
Depreciation for the year	-	(13.71)	(96.16)	(59.92)	(3.84)	(1,873.66)	(239.01)	(221.54)	(2,507.84)	-
Disposals	-	-	-	-	10.03	-			10.03	-
As at March 31, 2021	**-**	**(31.78)**	**(197.71)**	**(106.09)**	**-**	**(3,467.40)**	**(512.92)**	**(365.35)**	**(4,681.23)**	**-**

Net Book Value

March 31, 2020	**1,398.60**	**50.20**	**158.57**	**547.16**	**32.54**	**19,620.72**	**238.97**	**3,499.63**	**25,546.40**	**3,801.01**
March 31, 2021	**1,398.60**	**36.58**	**124.09**	**496.82**	**-**	**19,412.42**	**599.96**	**4,953.62**	**27,022.12**	**20,876.88**

Capitalised costs

The Company is incorporated to carry on the business of manufacturing automotive Engines and Gearboxes and in the process fabricate and assemble, buy, sell, import, export, distribute and deal in automobile parts of Engines and Gearboxes. During the current year, the construction of Engine plant was in progress and the entity incurred Employee Benefit Expenses amounting to Rs.98.39 lakhs (March 31, 2020- Rs.893.79 lakhs) for this purpose which has been capitalised.

The amount of borrowing costs capitalised during the year ended 31 March 2021 was Rs. 176.12 lakhs (March 31, 2020- Rs. 104.31 lakhs). The rate used to determine the amount of borrowing costs eligible for capitalisation was effective interest rate of the specific borrowings. (Refer Note 14)

Land

Land with a carrying amount of Rs. 1,398.60 lakhs are subject to a first charge to secure Loan taken from Credit Agricole.

(Rupees in lakhs, except for share data and if otherwise stated)

4 Intangible assets

	Software	Total
Cost		
As at April 1, 2019	46.68	46.68
Additions	247.30	247.30
Transfers	-	-
As at March 31, 2020	**293.98**	**293.98**
Additions	15.00	15.00
Transfers	-	-
As at March 31, 2021	**308.98**	**308.98**
Amortisation		
As at April 1, 2019	(8.58)	(8.58)
Amortisation for the year	(48.97)	(48.97)
As at March 31, 2020	**(57.55)**	**(57.55)**
Amortisation for the year	(61.81)	(61.81)
As at March 31, 2021	**(119.36)**	**(119.36)**

Net Book Value

As at 31 March 2020	**236.43**	**236.43**
As at 31 March 2021	**189.62**	**189.62**

(Rupees in lakhs, except for share data and if otherwise stated)

5 Other Financial Assets

	As at March 31 2021		As at March 31 2020	
	Non current	Current	Non current	Current
Cross Currency Swap	1,159.99	-	2,026.05	-
Deposits with maturity of more than twelve months*	547.10	-	1,298.35	-
	1,707.09	**-**	**3,324.40**	**-**

*The amount pertains to long term Fixed Deposits made with Bank which are earmarked with bank guarantee given to Government on account of EPCG Licenses.

6 Other non-current assets

	As at March 31 2021	As at March 31 2020
Prepaid expenses	72.43	10.13
Security deposits	84.98	48.27
Capital Advances		
- Considered good	698.52	2,667.95
- Considered doubtful	444.02	445.57
Less: Allowance for doubtful advances	(444.02)	(445.66)
	698.51	2,667.86
	855.92	**2,726.26**

No advances are due from directors or other officers of the company either severally or jointly with any other person. Nor any advances are due from firms or private companies respectively in which any director is a partner, a director or a member other than those disclosed under note 31.

7 Inventories

	As at March 31 2021	As at March 31 2020
Raw materials and components	4,939.26	4,675.04
Raw materials In transit	2,406.48	1,298.60
Work-in-progress	327.33	263.21
Finished goods	263.44	519.66
Finished goods In transit	8,300.04	1,816.59
Stores & spares and Others	298.98	232.00
Total Inventories valued at the lower of cost and net realisable value	**16,535.55**	**8,805.10**

PSA Avtec Powertrain Private Limited
Notes forming part of the financial statements for the year ended March 31 2021
(Rupees in lakhs, except for share data and if otherwise stated)

8 Trade Receivable

	As at March 31 2021	As at March 31 2020
Trade Receivables		
Receivables from related parties -considered good (Refer Note 31)	1,284.39	207.09
Receivables from JV Partner -considered good (Refer Note 31)	-	1.60
	1,284.39	**208.69**
Break up for security details:		
Trade Receivables		
Secured, considered good		
Unsecured, considered good	**1,284.39**	**208.69**

Terms and conditions of the above trade receivables:
Trade receivables are usually non-interest bearing and are on trade terms of 30 to 60 days

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member other than those disclosed under note 31.

9 Cash and cash equivalents

	As at March 31 2021	As at March 31 2020
Balances with banks		
- in current accounts	432.25	5,625.55
- Deposits with maturity of less than three months	250.00	700.00
	682.25	**6,325.55**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

10 Other financial assets

	As at March 31 2021	As at March 31 2020
Unsecured, considered good, unless otherwise stated:		
Exports Incentives receivable	312.93	240.15
	312.93	**240.15**

PSA Avtec Powertrain Private Limited
Notes forming part of the financial statements for the year ended March 31 2021
(Rupees in lakhs, except for share data and if otherwise stated)

11 Other current assets

	As at March 31 2021	As at March 31 2020
(Unsecured considered good unless otherwise stated)		
Prepaid expenses	105.48	95.88
Balances with government authorities	8,311.28	2,379.56
Unbilled revenue - Considered good	1,240.29	344.66
Other Advances		
- Advances to related parties	330.74	0.47
- Others	117.67	64.76
Interest accrued on fixed deposits	75.47	68.87
Security deposits	0.15	0.15
	10,181.09	**2,954.35**

No advances are due from directors or other officers of the company either severally or jointly with any other person. Nor any advances are due from firms or private companies respectively in which any director is a partner, a director or a member other than those disclosed under note 31.

12 Equity share capital and other equity

Share capital

Particulars	As at March 31 2021	As at March 31 2020
Authorised share capital		
- 300,000,000 (March 31, 2020: 250,000,000) equity shares of Rupees 10	**30,000.00**	**25,000.00**
Issued, subscribed and fully paid-up		
- 300,000,000 (March 31, 2020: 240,000,000) equity shares of Rupees 10	**30,000.00**	**24,000.00**

(i) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	As at March 31 2021		As at March 31 2020	
	Number of shares	Amount (Rs. In lakhs)	Number of shares	Amount (Rs. In lakhs)
At the beginning of the year	240,000,000	24,000	140,000,000	14,000
Equity shares issued during the year	60,000,000	6,000	100,000,000	10,000
At the end of the year	**300,000,000**	**30,000**	**240,000,000**	**24,000**

Terms and rights attached to equity shares

The Company has only one class of equity shares with a face value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of preferential amount, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Shares held by holding / ultimate holding company and / or their subsidiaries / Associates / JV Partners and its affiliates

	As at March 31 2021		As at March 31 2020	
Shareholder's name	No. of shares	Amount (Rs. In lakhs)	No. of shares	Amount (Rs. In lakhs)
PSA Automobiles S.A.	220,000,000	22,000	160,000,000	16,000
Central India Industries	40,499,000	4,050	20,500,000	2,050
Ranchi Enterprises Properties	16,000,000	1,600	6,000,000	600
Bengal Rubber Company	7,000,000	700	4,500,000	450
Gmmco Limited	6,000,000	600	-	-
Amer Investments (Delhi) Limited	5,500,000	550	-	-
Special engineering services	5,000,000	500	5,000,000	500
Avtec Limited	1,000	0	44,000,000	4,400

(iii) Details of shareholders holding more than 5% shares in the Company

	March 31 2021		March 31 2020	
	Number of shares	% holding	Number of shares	% holding
Equity shares:				
(i) PSA Automobiles S.A.	220,000,000	73.33%	160,000,000	66.67%
(ii) Central India Industries	40,499,000	13.50%	20,500,000	8.54%
(iii) Ranchi Enterprises Properties	16,000,000	5.33%	6,000,000	2.50%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents both legal & beneficial ownership of shares.

No shares have been issued by company for consideration other than cash during any period immediately preceding the reporting date.

Vide the equity infusion dtd 12th December, 2019 by PSA, the shareholding of the Avtec including its affiliates has reduced below 40%. JV agreement stipulates about the withdrawal of the rights of control or influence if the shareholding percentage falls below 40%.

13 Other Equity

Particulars	As at March 31 2021	As at March 31 2020
Retained earnings		
At the beginning of the year	**(5,483.98)**	**(2,225.77)**
Profit/(loss) for the year	(1,650.61)	(3,263.46)
Other comprehensive income (Net of Tax)	4.33	5.25
At the end of the period	**(7,130.26)**	**(5,483.98)**

Nature and purpose of other reserves- Retained Earnings

Retained earnings represent the undistributed profits of the Company.

14 Borrowings

	As at March 31 2021 Non current	As at March 31 2021 Current	As at March 31 2020 Non current	As at March 31 2020 Current
Term loan:				
*Secured bank loans- In foreign currency	26,105.29	4,676.11	20,687.72	4,676.11
	26,105.29	4,676.11	20,687.72	4,676.11

Particulars	As at March 31 2021	As at March 31 2020	Effective Rate of Interest p.a.	Repayment Terms	Security
Foreign Currency Loan from Credit Agricole - ECB	5,279.30	6,781.15	9.49%	Quarterly installment of USD 4.50 lakh starting from June,2020	Refer Note (i) below
	410.40	510.32	12.36%	Quarterly installment of USD 0.36 lakh starting from June,2020	
	352.82	452.34	10.00%	Quarterly installment of USD 0.30 lakh starting from June,2020	
	705.65	904.69	10.16%	Quarterly installment of USD 0.60 lakh starting from June,2020	
	2,058.13	2,638.67	10.16%	Quarterly installment of USD 1.75 lakh starting from June,2020	
	882.06	1,130.86	9.79%	Quarterly installment of USD 0.75 lakh starting from June,2020	
	1,646.51	2,110.93	9.47%	Quarterly installment of USD 1.40 lakh starting from June,2020	
	1,176.08	1,507.81	9.47%	Quarterly installment of USD 1.00 lakh starting from June,2020	
	100.94	129.42	9.47%	Quarterly installment of USD 0.085 lakh starting from June,2020	
	2,058.13	2,638.67	9.39%	Quarterly installment of USD 1.75 lakh starting from June,2020	
	1,176.08	1,507.81	9.07%	Quarterly installment of USD 1.00 lakh starting from June,2020	
	1,176.08	1,507.81	8.95%	Quarterly installment of USD 1.00 lakh starting from June,2020	
	1,587.70	2,035.54	8.77%	Quarterly installment of USD 1.35 lakh starting from June,2020	
	1,176.08	1,507.81	8.72%	Quarterly installment of USD 1.00 lakh starting from June,2020	
	1,439.86		8.25%	Quarterly installment of USD 1.67 lakh starting from Mar, 2023	
	2,205.14		7.54%	Quarterly installment of USD 2.50 lakh starting from Mar, 2023	
	1,470.09		7.78%	Quarterly installment of USD 1.67 lakh starting from Mar, 2023	
	1,837.62		8.07%	Quarterly installment of USD 2.08 lakh starting from Mar, 2023	
	2,205.14		8.37%	Quarterly installment of USD 2.50 lakh starting from Mar, 2023	
	1,837.61		8.21%	Quarterly installment of USD 2.08 lakh starting from Mar, 2023	
	30,781.40	25,363.83			

Notes:

(i) *The loan together with interest and other charges thereon are secured by-
- First pari-passu charge by way of equitable mortgage of the borrower's immovable property (located at Poonapalli Village, Mathagondapalli Post,Hosur)
- First Pari-passu charge by hypothecation of present & future movable property, plant and equipment
- Second Pari-passu charge by hypothecation of entire current assets, both present & future
- Letter of Comfort by PSA Automobiles S.A & Letter of Comfort by Avtec Limited

(ii) **Loan Covenants**

- **Net Debt to EBIDTA:** Less than 6.5:1 on March 31, 2022, less than 4:1 as on March 31, 2023 and less than 3:1 as on March 31, 2024 and thereafter
- **Net Debt/ Net Worth:** less than 1.75:1 on March 31, 2021, less than 1.5:1 as on March 31, 2022 and thereafter
- **EBIDTA to Interest:** more than 1.2:1 on March 31, 2022 and more than 2.25:1 as on March 31, 2023 and more than 3.5:1 as on March 31, 2024 and thereafter; and
- **Fixed Asset Coverage Ratio:** More than 1.25 times at all times

15 Provisions

	As at March 31 2021		As at March 31 2020	
	Non-current	**Current**	**Non-current**	**Current**
Provisions for employee benefits				
Leave obligations	183.38	20.47	82.62	23.83
Gratuity (Refer Note 32)*	0.52	0.26	-10.36	-
Performance Variable Incentive	-	81.72	-	222.13
	183.90	**102.45**	**72.26**	**245.96**

* The aforesaid mentioned Gratuity balance of INR 102.64 Lacs is shown net of Fund balance of INR 101.86 Lacs with LIC

16 Trade payables

	As at March 31 2021	As at March 31 2020
(a) Total outstanding dues of Micro, Small and Medium enterprises (refer note below for details of dues to Micro,Small and Medium	210.47	63.42
(b) Total outstanding dues of creditors other than Micro, Small and Medium enterprises	8,517.87	4,470.65
(c) Trade payables to related parties (Refer Note 31)	7,792.87	490.42
(d) Trade payables to JV Partners and its affiliates (Refer Note 31)	724.03	361.37
	17,245.23	**5,385.86**

Terms and conditions of the above trade payables:

The amounts are non-interest bearing and are normally settled on 30-60-day terms.

Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2020 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

	As at March 31 2021	As at March 31 2020
i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
Principal	210.47	63.42
Interest	0.03	4.62
ii) The amount of interest paid by the buyer in terms of section16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii) 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 MSMED Act.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.03	4.62

v) 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	5.68	5.65

17 Other financial liabilities

	As at March 31 2021	As at March 31 2020
Interest accrued on Borrowings but not due	110.89	96.05
Interest accrued and due on MSME creditors	5.68	5.65
Capital creditors	2,037.44	305.84
	2,154.01	**407.54**

18 Other current liabilities

	As at March 31 2021	As at March 31 2020
Statutory dues payables (including provident fund and tax deducted at source)	147.58	94.63
Employee Payables	24.91	21.09
Advance from Customers-Related Party	868.54	-
Other Current Liability- Related Party	115.56	-
EMD Deposit	2.22	1.56
	1,158.81	**117.28**

19 Deferred revenue

	As at March 31 2021		As at March 31 2020	
	Non current	**Current**	**Non current**	**Current**
Deferred revenue	4,102.83	1,049.14	2,188.39	1,871.20

Note:
The deferred revenue amounting to INR 5,151 Lacs (PY - INR 3,878 Lacs) relates to the duty saved on import of capital goods through EPCG licenses and inventory through Advance License.

(Rupees in lakhs, except for share data and if otherwise stated)

20 Revenue from operations

	Year ended March 31 2021	Year ended March 31 2020
Revenue from operations		
Sale of finished goods	25,335.45	16,333.87
Other Operating Revenue		
R&D Services	4,136.29	2,511.43
Scrap sales	113.15	40.30
Export Incentives	376.83	370.37
Other Services	146.09	-
	30,107.80	**19,255.97**

Detail of products sold

	Year ended March 31 2021	Year ended March 31 2020
Finished goods sold		
Gear Boxes	24,811.89	16,333.87
Engines	523.56	-
	25,335.45	**16,333.87**

Note 20(a) Dissagregated revenue information

Set out below is the dissagregation of the Company's revenue from contract with Customers

Segment		
Type of goods or Service		
Sale of Goods	25,335.45	16,333.87
R&D Services	4,136.29	2,511.43
Total revenue from contract with customers	**29,471.74**	**18,845.30**
India	836.81	19.94
Outside India	28,634.93	18,825.36
Total revenue from contract with customers	**29,471.74**	**18,845.30**
Timing of Revenue recognition		
Goods transferred at a point in time	25,335.45	16,333.87
Services transferred over time	4,136.29	2,511.43
Total revenue from contract with customers	**29,471.74**	**18,845.30**

Note 20(b) Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars		
Revenue as per contracted price	25,335.45	16,333.87
Adjustments:		
Sales Return	-	-
Discount	-	-
Revenue from contract with customers	**25,335.45**	**16,333.87**

Note 20(c) Contract Balances

Trade Receivable	1,284.39	208.69
Contract Asset	1,240.29	344.66
Contract Liabilities	868.54	-

Note 20(d) Performance obligation

Sale of products

Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer at the time of delivery of goods.

21 Other Income

	Year ended March 31 2021	Year ended March 31 2020
Interest Income on bank deposits	52.17	109.67
Other Non-Operating Income		
- Exchange differences gain/(loss)	1,158.26	-
- MTM Gain/(Loss) on Derivative	-	2,944.40
- Government Grants	213.25	187.66
- Others	57.92	14.14
	1,481.60	**3,255.87**

22 Cost of raw materials and other components consumed

	Year ended March 31 2021	Year ended March 31 2020
Inventory at the beginning of the year	4,675.04	786.79
Add: Purchases during the year	22,985.16	18,326.80
	27,660.20	19,113.59
Less: inventory at the end of the year	4,939.26	4,675.04
Cost of raw materials and other components consumed	22,720.94	14,438.55

23 Changes in inventories of finished goods, work-in-progress and stock in trade

	Year ended March 31 2021	Year ended March 31 2020
Work in Progress		
At the beginning of the year	263.21	1.73
Less: At the end of the year	327.33	263.21
(Increase) / Decrease in Work in progress	(64.12)	(261.48)
Finished Goods (including in transit)		
At the beginning of the year	2,336.25	21.23
Less: At the end of the year	8,563.49	2,336.25
(Increase) / Decrease in Finished goods	(6,227.23)	(2,315.02)
(Increase) / Decrease in inventories	(6,291.35)	(2,576.50)

24 Employee benefits expense*

	Year ended March 31 2021	Year ended March 31 2020
Salaries, wages and bonus	3,901.33	2,260.47
Contribution to provident and other funds	154.51	130.39
Gratuity expenses (Refer Note 32)	41.13	37.17
Staff welfare expenses	399.96	350.73
	4,496.93	**2,778.76**

*The employee benefit expenses are net of Rs.98.39 lakhs (March 31, 2020- Rs. 893.79 lakhs) capitalised and transferred to Capital work in progress during the year ended March 31 2021.

25 Finance costs*

	Year ended March 31 2021	Year ended March 31 2020
Interest expense#	1,217.52	2,965.34
Others**	538.93	-
Bank charges	5.59	19.15
	1,762.04	**2,984.49**

Interest expense includes MSME interest amounting to Rs. 0.02 lakhs (March 31 2020- Rs. 4.62 lakhs) and Rs. Nil (March 31 2020- delayed payment of statutory dues amounting to Rs. 5.80 lakhs)

*The finance costs are net of Rs. 176.12 lakhs (March 31, 2020- Rs. 104.31 lakhs) capitalised and transferred to Capital work in progress

**It repesents Interest provision towards availment of exemption of IGST on input material imported under Advance Authorization and refund of IGST on the goods exported

26 **Depreciation and amortisation expense**

	Year ended March 31 2021	Year ended March 31 2020
Depreciation of property, plant and equipment	2,507.84	2,145.11
Amortisation of intangible assets	61.81	48.97
	2,569.64	**2,194.08**

(Rupees in lakhs, except for share data and if otherwise stated)

27 Other expenses

	Year ended March 31 2021	Year ended March 31 2020
Consumption of stores and spares	567.81	480.53
Consumption of Packing Material	514.73	277.50
Electricity and water charges	474.56	447.54
Fuel and Oil	182.05	177.61
Freight and Forwarding charges	463.45	257.98
Repairs and maintenance :		
-Machinery	196.91	37.99
-Computers	35.30	21.02
-Others	15.72	8.55
Rates and taxes	71.79	68.39
Travelling and conveyance	50.14	241.60
Legal and professional fees	97.94	122.64
Audit Fee	34.00	27.24
IT Expenses	188.86	170.91
Advertisement and sales promotion	11.25	18.79
Testing Expenses	3,051.96	1,527.32
Allowance for impairment of doubtful loans and advances	-	11.93
Communication charges	23.59	20.97
MTM (Gain)/Loss on Derivative	1,628.78	-
Recruitment Expenses	69.93	126.60
Exchange differences (gain)/loss	-	1,735.14
Net loss on disposal of Property, plant and equipment	6.26	-
Miscellaneous expenses	318.62	175.65
Total other expenses	**7,981.78**	**5,955.91**

Details of payments to auditors

	Year ended March 31 2021	Year ended March 31 2020
Payments to auditors		
As auditor:		
Statutory audit fee	27.50	24.50
Tax audit fee	4.00	-
Other Certification	2.50	2.00
In other capacities:		
Re-imbursement of expenses	-	**0.74**
	34.00	**27.24**

PSA Avtec Powertrain Private Limited
Notes forming part of the financial statements for the year ended March 31 2021
(Rupees in lakhs, except for share data and if otherwise stated)

28 Income Tax Expense

(a) Income Tax Expense

Particulars	Year ended March 31 2021	Year ended March 31 2020
Current Tax Expense on Profits for the year	-	-
Deferred Tax (adjustment)	-	-
Income tax relating to remeasurements of defined benefit liability	-	-
Income Tax Expense	**-**	**-**

(b) Reconciliation of tax expenses and the accounting profit multiplied by India's tax rate

Particulars	Year ended March 31 2021	Year ended March 31 2020
Accounting Profit before Income Tax	(1,650.61)	(3,263.46)
At India's Statutory Income Tax Rate of 25.17% (Mar'21- 25.17%)	-	-
Tax Impact of expenses disallowed under Income Tax		
Book Depreciation	(94.52)	(552.20)
Disallowance u/s 43B	10.83	(82.70)
Disallowance for Provision of Gratuity u/s 40(A)(7)	(0.20)	-
Income tax relating to remeasurements of defined benefit liability	-	-
Impact of Depreciation as per Income Tax Act	373.66	493.11
Adjustment in respect of Income not admissible under Income Tax	-	-
Deferred Tax asset on current year loss	405.92	(821.35)
Deferred Tax asset on carry forward loss	(2,075.67)	(296.60)
Reversal of Previous Years' Deferred Tax Asset	-	-
Tax Expense Recognised in Statement of Profit & Loss	**(1,379.97)**	**(1,259.74)**

The Company has not created Deferred Tax Asset is respect of the carried forward losses.

As at March 31, 2021, the Company has carry forward tax losses of Rs. 1,650.61 Lacs. No deferred tax asset has been created by the management due to lack of reasonable certainty of future taxable profits against which such deferred tax assets can be realized. Had the Company been able to recognize all unrecognized deferred tax assets, the net profit after tax would have been higher by Rs.1,379.97 lakhs.

29 Earnings per share (EPS)

Basic Earnings per Share are calculated by dividing the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year:

Diluted EPS amounts are calculated by dividing the profit attributable to equity share holders of the Company by weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.
The following data reflects the inputs for the calculations of basic and diluted EPS.

	31 March 2021	31 March 2020
Profit/(Loss) after tax	(1,650.61)	(3,263.46)
Profit/(Loss) attributable to equity holders of the parent adjusted for the effect of dilution	**(1,650.61)**	**(3,263.46)**
Weighted average number of equity shares	272,958,904	-
Nominal value per share in `	10.00	10.00
Earnings per equity share in `		
Basic	(0.60)	(1.83)
Diluted	(0.60)	(1.83)

30.1 Segment Reporting

The segment reporting of the Company has been prepared in accordance with Ind AS-108, "Operating Segment". The Company is incorporated to carry on the business of manufacturing automotive Engines and Gearboxes and in the process fabricate and assemble, buy, sell, import, export, distribute and deal in automobile parts of Engines and Gearboxes. For management purposes, the company is organized into single business units based on its products and services and has segment of Engines and Gearboxes items.

The Chief Operational Decision Maker monitors the operating results as one single segment for the purpose of making decisions about resource allocation and performance assessment and hence, there are no additional disclosures to be provided other than those already provided in the financial statements.

The secondary segment by geographical location is given below :

(Rs. in Lakhs)

A. Segment Revenue	**As at March 31, 2021**	**As at March 31, 2020**
Revenue from operations		
Within India	836.81	19.94
Outside India	28,634.93	18,825.35

B. Non current operating assets-

The Company has common non current operating assets for domestic as well as overseas market, hence separate figures for these assets are not required to be furnished.

Capital & Other Commitments-

(Rs in Lakhs)

	As at 31-Mar-21	**As at 31-Mar-20**
Commitments relating to purchase of Tangible and Intangible Assets (net of advances)	4,419.34	8,451.51
Duty obligation under EPCG and advance license scheme	5,151.97	3,878.07
	9,571.31	12,329.58

31. Related Party Disclosures

a. Names of related parties where control exists and with whom transactions have taken place during the year.

Enterprise having significant influence over the company	PSA Automobiles SA
Enterprises on which PSA Automobiles SA has significant influence	PCA Motors India Pvt Ltd Opel Espana SLU Peugeot Citroen Automoviles Espana Opel Automobile GmbH PCA Automobiles India Pvt Ltd Peugeot Citroen Do Brasil Dongfeng Peugeot Citroen Automobile
JV Partners and its affiliates	Avtec Limited (JV Partner) National Bearings Company (India) Limited GMMCO Limited Bengal Rubber Company Central India Industries Ranchi Enterprises Properties Special engineering services
Key Management Personnel	Mr. Prabhakar Kadapa, Managing Director (upto 17th November 2020) Mr. Jerome Dubrac, Chief Financial Officer Ms. Rasika Abhishek Kulkarni, Company Secretary

Rs in Lakhs

Nature of Transaction	**Enterprises having significant influence over the Company**		**Enterprises on which PSA Automobiles SA has significant influence**		**JV Partners**		**Key Managerial Personnel**	
	March 31, 2021	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
a) Transactions during the year								
Equity received								
PSA Automobiles S.A. #	6,000.00	9,000.00	-	-	-	-	-	-
AVTEC Limited and Group companies	-	-	-	-	-	1,000.00	-	-
Purchase Of Raw Materials & Components , Finished Goods And Spares For Finished Goods and Services								
PSA Automobiles S.A. #	10,255.20	9,977.19	-	-	-	-	-	-
Dongfeng Peugeot Citroen Automobile	-	-	2.77	-	-	-	-	-
Opel Automobile GmbH	-	-	96.09	-	-	-	-	-
AVTEC Limited #	-	-	-	-	2,321.13	1,161.97	-	-
National Bearings Company (India) Limited	-	-	-	-	379.84	194.12	-	-
GMMCO Limited	-	-	-	-	0.28	1.59	-	-
Other Expenses								
IT Hardware Maintenance								
PSA Automobiles S.A. #	35.33	-	-	-	-	-	-	-

Rs in Lakhs

Nature of Transaction	**Enterprises having significant influence over the Company**		**Enterprises on which PSA Automobiles SA has significant influence**		**JV Partners**		**Key Managerial Personnel**	
	March 31, 2021	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
Sale of Services								
PSA Automobiles S.A. #	4,092.27	2,492.78	-	-	-	-	-	-
PCA Motors India Private Limited	-	-	190.11	18.64	-	-	-	-
Sale of Goods								
PSA Automobiles S.A. #	3.49	5,975.14	-	-	-	-	-	-
PCA Motors India Private Limited	-	-	-	1.30	-	-	-	-
Peugeot Citroen Automoviles Espana	-	-	-	525.51	-	-	-	-
Opel España, S.L.U	-	-	-	9,831.92	-	-	-	-
PCA Automobiles India Pvt Ltd	-	-	646.60	-	-	-	-	-
Opel España, S.L.U-Zaragoza	-	-	13,084.10	-	-	-	-	-
Peugeot Citroen Do Brasil	-	-	52.56	-	-	-	-	-
Peugeot Citroen Automoviles Espana	-	-	11,548.60	-	-	-	-	-
Sale of MEIS License								
PCA Automobiles India Pvt Ltd	-	-	57.28	-	-	-	-	-
Other Income								
PSA Automobiles S.A. #	-	206.92	-	-	-	-	-	-
AVTEC Limited #	-	-	-	-	-	1.36	-	-
PCA Motors India Private Limited	-	-	-	153.87	-	-	-	-
Purchase Of Capital goods								
AVTEC Limited #	-	-	-	-	29.70	79.83	-	-
GMMCO Limited	-	-	-	-	76.69	-	-	-
Reimbursement Of Expenses (Receipt)								
PSA Automobiles S.A. #	57.37	85.27	-	-	-	-	-	-
PCA Motors India Private Limited	-	-	17.54	10.26	-	-	-	-
AVTEC Limited #	-	-	-	-	-	0.54	-	-
Reimbursement Of Expenses (Payment)								
PCA Motors India Private Limited	-	-	408.19	273.86	-	-	-	-
Key Managerial Personnel								
Key Managerial Personnel Remuneration	-	-	-	-	-	-	243.38	403.62
Reimbursement Of Expenses (Payment)	-	-	-	-	-	-	2.43	6.27
Reimbursement Of Expenses (Receipt)	-	-	-	-	-	-	0.02	-

Rs in Lakhs

Nature of Transaction	Enterprises having significant influence over the Company		Enterprises on which PSA Automobiles SA has significant influence		JV Partners		Key Managerial Personnel	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
b) Balance Outstanding at the Year End:								
Trade Receivables								
PSA Automobiles S.A. #	55.57	29.74	-	-	-	-	-	-
PCA Motors India Private Limited	-	-	-	175.87	-	-	-	-
PCA Automobiles India Pvt Ltd	-	-	462.10	1.66	-	-	-	-
AVTEC Limited #	-	-	-	-	-	1.60	-	-
Opel España, S.L.U	-	-	433.70	0.79	-	-	-	-
Peugeot Citroen Automoviles Espana	-	-	306.69	-	-	-	-	-
Peugeot Citroen Do Brasil	-	-	26.32	-	-	-	-	-
Loans and Advances								
PSA Automobiles S.A. #	1,571.03	-	-	-	-	-	-	-
AVTEC Limited #	-	-	-	-	-	29.70	-	-
PCA Motors India Private Limited	-	-	-	0.47	-	-	-	-
Advance from Customers								
Opel España, S.L.U-Zaragoza	-	-	578.27	-	-	-	-	-
Peugeot Citroen Automoviles Espana	-	-	290.27	-	-	-	-	-
Trade Payables								
PSA Automobiles S.A. #	7,507.34	2,271.09	-	-	-	-	-	-
Opel Automobile GmbH	-	-	92.64	-	-	-	-	-
PCA Motors India Private Limited	-	-	109.36	-	-	-	-	-
AVTEC Limited #	-	-	-	-	613.15	324.01	-	-
National Bearings Company (India) Limited	-	-	-	-	98.34	52.37	-	-
GMMCO Limited	-	-	-	-	12.54	-	-	-

- *The remuneration to the KMP does not include the provisions made for gratuity and leave benefit, as they are determined on an actuarial basis for the Company as a whole.
- # In addition to the above transactions, PSA Automobiles S.A and Avtec Limited have given letter of comfort to banks of the Company based on which banks have given loan facilities (at the prevailing interest rate) to the Company.

32. Employee benefit expenses-

Disclosures pursuant to Ind AS-19 "Employee Benefits" (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are given below:

Defined Contribution Plan-

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. Contribution to Defined Contribution Plan, recognised as expense for the year is as under:

Rs. in Lakhs

	As at March 31, 2021	**As at March 31, 2020**
Provident Fund	154.51	130.39
	154.51	130.39

Defined Benefit Plan-

The company has a defined benefit gratuity plan. The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972 (as amended). Every employee who has completed five years or more of service gets a gratuity on retirement/resignation/death at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with LIC in the form of a qualifying insurance policy.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2021. The following tables summaries the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Rs. in Lakhs

	As at March 31, 2021	**As at March 31, 2020**
a) Reconciliation of opening and closing balances of Defined Benefit obligation		
Present value of Defined Benefit obligation at the beginning of the year	90.97	55.85
Interest Expense	6.20	4.24
Current Service Cost	41.84	36.14
Freez liability takeover		
Benefits paid	(27.37)	-
Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	-	0.14
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	4.63	3.58
Actuarial (Gain)/Loss on arising from Experience Adjustment	(13.62)	(8.97)
Defined Benefit obligation at year end	**102.65**	**90.97***

*Freeze liability of Rs 24,12,472 is added in total liability

Rs. in Lakhs

	As at March 31, 2021	As at March 31, 2020
b) Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the year	101.34	42.19
Difference in Opening Fund	(1.90)	
Actual return on plan assets	6.94	3.20
Less FMC Charges	(2.80)	
Actuarial gain /(loss) for the year on Asset	-	-
Employer contribution	6.34	55.94
Benefits paid	(8.06)	-
Fair value of plan assets at year end	**101.86**	**101.34**

Rs. in Lakhs

	As at March 31, 2021	As at March 31, 2020
c) Net defined benefit asset/ (liability) recognised in the balance sheet		
Fair value of plan assets	101.86	101.34
Present value of defined benefit obligation	102.65	90.97
Amount recognised in Balance Sheet- Asset / (Liability)	**(0.78)**	**10.36**

Rs. in Lakhs

	As at March 31, 2021	As at March 31, 2020
d) Net defined benefit expense (Recognised in the Statement of profit and loss for the year)		
Current Service Cost	41.84	36.14
Net Interest Cost	(0.74)	1.04
Net defined benefit expense debited to statement of profit and loss	**41.10**	**37.17**

Rs. in Lakhs

	As at March 31, 2021	As at March 31, 2020
e) Remeasurement (gain)/ loss recognised in other comprehensive income		
Net cumulative unrecognized actuarial gain/(loss) opening	3.82	(1.43)
Actuarial gain / (loss) for the year on PBO	8.99	5.25
Actuarial gain /(loss) for the year on Asset	(4.66)	-
Recognised in other comprehensive income	**8.16**	**3.82**
f) Broad categories of plan assets as a percentage of total assets		
Insurer managed funds	100%	100%

Rs. in Lakhs

	As at March 31, 2021	**As at March 31, 2020**
g) Principal assumptions used in determining defined benefit obligation		
Mortality Table (LIC)	100 % IALM (2012 -14)	100 % IALM (2012 -14)
Discount rate (per annum)	6.79%	6.81%
Salary Escalation	6.50%	6.00%
Attrition at Ages		
- Withdrawal Rate (%)	65 per 1000	65 per 1000
Retirement Age (Years)	58	58

Rs. in Lakhs

		As at March 31, 2021	**As at March 31, 2020**
h) Quantitative sensitivity analysis for significant assumptions is as below:			
Increase / (decrease) on present value of defined benefits obligations at the end of the year			
	Discount Rate	102.65	90.97
	Increase by 0.50%	(4.92)	(3.44)
	Decrease by 0.50%	5.32	2.05
	Salary Increase	102.65	90.97
	Increase by 0.50%	5.31	2.06
	Decrease by 0.50%	(4.96)	(3.48)

Sensitivities due to mortality and withdrawals are not material and hence impact of change not calculated.

Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

i) Maturity profile of defined benefit obligation	
Year	**Rs. in Lakhs**
0 to 1 Year	0.26
1 to 2 Year	3.08
2 to 3 Year	6.97
3 to 4 Year	6.15
4 to 5 Year	5.17
5 to 6 Year	15.09
6 Year onwards	65.91

j) The Company's best estimate of expense for the next annual reporting period is Rs. 57.57 Lakhs.

k) Salary growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

l) The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities.

m) Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

A) Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

B) Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

C) Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

D) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

E) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

33. Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

34. Financial Risk Management Objective and Policies

The company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits. The Company is exposed to interest rate risk on variable rate long term borrowings.

The sensitivity analyses in the following sections relate to the position as at March 31, 2021.

i. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company is exposed to foreign currency risk on long term loan availed and suitable swap contract has been executed to protect from future fluctuations of USD: INR.

For details of foreign currency exposures refer note 36.

ii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term loan with interest rates linked to base rate/MCLR of banks. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount.

iii. Price Risk

The company is not exposed to any price risk as the Company has not made any investments.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on customer profiling, credit worthiness and market intelligence. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous Company's and assessed for impairment collectively. The calculation is based on exchange losses historical data. The Company is not having the history of the significant bad debts. The receivables are recovered in business operating cycle. The company evaluates the concentration of risk with respect to trade receivables as low on account of sale to the Group Company's. Therefore, the Company has not created any provision on receivables according to the ECL - Simplified approach.

c) Liquidity Risk

Liquidity risk is defined as the risk that company will not be able to settle or meet its obligation on time or at a reasonable price. The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risk are overseen by senior management. Management monitors the company's net liquidity position through rolling, forecast on the basis of expected cash flows.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

Rs. In Lakhs

As at March 31, 2021	**Less than 1 year**	**More than 1 year**	**Total**
(i) Borrowings	4,676.11	26,105.29	30,781.40
(ii) Trade payables	17,245.23		17,245.23
(iii) Other financial liabilities	2,154.01		2,154.01
(iv) Other current liabilities	1,158.81		1,158.81
As at March 31, 2020	**Less than 1 year**	**More than 1 year**	**Total**
(i) Borrowings	4,676.11	20,687.72	25,363.83
(ii) Trade payables	5,385.86		5,385.86
(iii) Other financial liabilities	407.54		407.54
(iv) Other current liabilities	117.28		117.28

35. Capital Management

a. Risk Management

The Company's objectives when managing capital are:

i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

ii) Maintain an optimal capital structure to reduce the cost of capital.

a) The Company is in project phase and has not yet commenced its commercial operations, the company is currently funding its investments through equity and long-term loans, maintaining its Debt: Equity ratio below 1.06:1.

b) Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:
- Net Debt (total borrowings net of cash and cash equivalents)
- Divided by
- Total equity (as shown in balance sheet, including non- controlling interest) and Net Debt

The gearing ratios were as follows:

Rs. In Lakhs

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Long Term Borrowing	30,781.40	25,363.83
Cash and other bank balances	(682.25)	(6,325.55)
Net Debt	**30,099.15**	**19,038.28**
Equity	22,869.74	18,516.02
Total Capital	**22,869.74**	**18,516.02**
Capital and Net Debt	**52,968.90**	**37,554.30**
Gearing ratio (Net Debt/Capital and Net Debt)	**56.82%**	**50.70%**

Loan Covenants

Under the terms of the major borrowing facilities, the company is required to comply with the following financial covenants:

1. Net Debt to EBIDTA: Less than 6.5:1 on March'2022, less than 4:1 as on March'2023 and less than 3:1 as on March'2024 and thereafte
2. Net Debt/ Net Worth: less than 1.75:1 on March'2021, less than 1.5:1 as on March'2022 and thereafter
3. EBIDTA to Interest: more than 1.2:1 on March,2022 and more than 2.25:1 as on March,2023 and more than 3.5:1 as on March'2024 and thereafter; and
4. Fixed Asset Coverage Ratio: More than 1.25 times at all times

36. Derivative instruments and unhedged foreign currency exposures

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 34.

Derivatives designated as hedging instruments

Fair value hedge
At 31 March 2021, the Company had an interest rate swap agreement in place whereby the Company receives a variable rate of interest and pays interest at a fixed rate on the notional amount. The swap is being used to hedge the exposure to changes in the fair value of its secured loan.

(i) Derivatives outstanding as at the reporting date

			Repayment		Outstanding		
USD Drawdown	**Rate**	**INR Amount**	**USD**	**INR**	**USD**	**INR**	**Purpose**
9,000,000	65.00	585,000,000	1,800,000	117,000,000	7,200,000	468,000,000	Interest and currency swap on USD term loan availed from a bank. Under the arrangement the Company has notionally swapped its term loan to the extent of USD 487 lakhs at various draw down rates against equivalent rupees loan on the date of the deal. Consequently, Company is required to pay interest and Principal loan repayment in INR.
728,337	67.60	49,235,581	145,667	9,847,116	582,670	39,388,465	
600,000	72.50	43,500,000	120,000	8,700,000	480,000	34,800,000	
1,200,000	73.70	88,440,000	240,000	17,688,000	960,000	70,752,000	
3,500,000	74.00	259,000,000	700,000	51,800,000	2,800,000	207,200,000	
1,500,000	70.70	106,050,000	300,000	21,210,000	1,200,000	84,840,000	
2,800,000	71.30	199,640,000	560,000	39,928,000	2,240,000	159,712,000	
171,663	70.86	12,164,040	34,333	2,432,808	137,330	9,731,232	
2,000,000	70.86	141,720,000	400,000	28,344,000	1,600,000	113,376,000	
3,500,000	69.30	242,550,000	700,000	48,510,000	2,800,000	194,040,000	
2,000,000	68.88	137,760,000	400,000	27,552,000	1,600,000	110,208,000	
2,000,000	69.00	138,000,000	400,000	27,600,000	1,600,000	110,400,000	
2,700,000	71.65	193,455,000	540,000	38,691,000	2,160,000	154,764,000	
2,000,000	70.77	141,540,000	400,000	28,308,000	1,600,000	113,232,000	
2,000,000	73.45	146,900,000			2,000,000	146,900,000	
3,000,000	73.90	221,700,000			3,000,000	221,700,000	
2,000,000	73.12	146,240,000			2,000,000	146,240,000	
2,500,000	73.06	182,650,000			2,500,000	182,650,000	
3,000,000	72.90	218,700,000			3,000,000	218,700,000	
2,500,000	72.65	181,625,000			2,500,000	181,625,000	
48,700,000		**3,435,869,621**	**6,740,000**	**467,610,924**	**41,960,000**	**2,968,258,697**	

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, and JPY exchange rates, with all other variables held constant. The impact on the Company profit before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise are as under:

Rs. In Lakhs

	Currency	March 31 2021		Gain/ (loss) Impact on profit before tax and equity		March 31 2020		Gain/ (loss) Impact on profit before tax and equity	
		Foreign Currency	INR	1% Increase	1% Decrease	Foreign Currency	INR	1% Increase	1% Decrease
Trade Receivables	EUR	9.22	790.73	7.91	(7.91)	0.37	30.53	0.31	(0.31)
Contract Liabilities	EUR	10.13	868.54	8.69	(8.69)	-	-	-	-
Trade Payables	EUR	95.46	8,185.65	(81.86)	81.86	28.39	2,357.55	(23.58)	23.58
	JPY	418.97	277.00	(2.77)	2.77	17.50	12.22	(0.12)	0.12
	USD	0.27	19.68	-	-	-	-	-	-
Bank	EUR	3.62	310.01	(3.10)	3.10	66.76	5,544.04	(55.44)	55.44
Unbilled Revenue	EUR	14.46	1,240.29	(12.40)	12.40	-	-	-	-

37. Financial Instruments- Accounting Classification and Fair Value Measurement

Set out below, is a class of the fair value of the company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Rs. In Lakhs

	March 31 2021			March 31 2020		
	FVPL	**FVOCI**	**Amortised cost**	**FVPL**	**FVOCI**	**Amortised cost**
Financial assets						
Cash and Cash Equivalents	-	-	682.25	-	-	6,325.55
Other Financial assets	-	-	860.03	-	-	1,538.50
Trade Receivable	-	-	1,284.39	-	-	208.69
Others	1,159.99	-	-	2,026.05	-	-
Total Financial Assets	**1,159.99**	-	**2,826.66**	**2,026.05**	-	**8,072.73**
Financial Liabilities						
Borrowings		-	30,781.40		-	25,363.83
Trade Payables	-	-	17,245.23	-	-	5,385.86
Other Financial Liabilities	-	-	2,154.01	-	-	407.54
Total Financial Liabilities	-	-	**50,180.65**	-	-	**31,157.23**

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Rs. In Lakhs

Particulars	**Carrying amount**	**Fair value**			**Carrying amount**	**Fair value**		
	As at March 31, 2021	**Level 1**	**Level 2**	**Level 3**	**As at March 31, 2020**	**Level 1**	**Level 2**	**Level 3**
Financial liabilities at amortised cost:								
Borrowings	30,781.40		30,781.40		25,363.83		25,363.83	
Trade Payables	17,245.23	-	17,245.23	-	5,385.86	-	5,385.86	-
Other Financial Liabilities	2,154.01	-	2,154.01		407.54	-	407.54	-
Total	**50,180.65**	-	**50,180.65**	-	**31,157.23**	-	**31,157.23**	-
Financial assets at amortised cost:								
Cash and Cash Equivalents	682.25	-	682.25	-	6,325.55	-	6,325.55	-
Other Financial assets	860.03	-	860.03	-	1,538.50	-	1,538.50	-
Trade Receivable	1,284.39	-	1,284.39	-	208.69	-	208.69	-
Total	**2,826.66**	-	**2,826.66**	-	**8,072.73**	-	**8,072.73**	-

Assumptions and valuation technique used to determine fair value

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

i. Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

ii. Long-term variable-rate borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Fair value of variable interest rate borrowings approximates their carrying values.

iii. Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

38. As per the Transfer Pricing Rules of the Income Tax Act, 1961 every company is required to get a transfer pricing study conducted to determine whether the transactions with associated enterprises were undertaken at an arm's length basis for each financial year end. Transfer pricing study for the transaction pertaining to the period ended 31 March, 2021 is currently in progress and hence adjustments if any which may arise there from have not been taken into account in these financial statements for the period ended 31 March, 2021 and will be effective in the financial statements for the year ended 31 March, 2022. However, in the opinion of the Company's management, adjustments, if any, are not expected to be material.

39. The Company has considered the possible impact of COVID-19 pandemic on its operations, liquidity position and recoverability of its asset balance as at March 31, 2021 based on the internal and external information upto the date of approval of these financial statements. The impact of Covid-19 may be different from that estimated as at the date of approval of these financial results and management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.

40. The figures have been rounded off to the nearest Lakhs of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than Rs. 1,000.

41. Previous year figures have been regrouped/reclassified wherever necessary.

42. Note No.1 to 41 form integral part of the balance sheet and statement of profit and loss.

As per our report of even date attached

For **S.R. & Batliboi & Co. LLP**

Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors
PSA Avtec Powertrain Private Limited

per Atul Seksaria
Partner
Membership No. : 086370

Vincent Baron
Director
DIN: 08969623

Arnaud Deboeuf
Director
DIN: 08950323

Pruthiviraj Dora
General Manager

Jerome Dubrac
Chief Financial Officer

Rasika Abhishek Kulkarni
Company Secretary
M.No.: A31989

Place :
Date :

Place:
Date: