

Cummins Sales & Service Private Limited
Balance sheet as at March 31, 2022

₹ Lacs

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	408.98	298.43
Other intangible assets	3	19.14	36.59
Other Financial assets			
Security deposits	4	126.56	127.99
Non-current tax assets (net)	5	184.53	155.82
Deferred tax assets (net)	6	198.77	207.31
		937.98	826.14
Current assets			
Inventories	7	1,485.32	1,217.26
Financial assets			
Trade receivables	8	1,560.16	1,434.91
Cash and cash equivalents	9	0.73	7.98
Other Financial assets			
Security deposits	10	27.66	22.48
Other financial assets	11	47.32	17.62
Other current assets	12	223.48	277.11
		3,344.67	2,977.36
Total		4,282.65	3,803.50
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	1,200.00	1,200.00
Other equity	14	790.24	684.62
		1,990.24	1,884.62
Non-current liabilities			
Provisions	15	323.64	296.21
Non-current financial liabilities			
Lease liability	36	275.58	144.23
		599.22	440.44
Current liabilities			
Financial liabilities			
Borrowings	16	136.92	457.56
Lease liability	36	104.40	98.25
Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	17	28.50	22.69
- Total outstanding dues of creditors other than micro enterprises and small enterprises	17	688.99	222.77
Other financial liabilities	18	233.42	209.21
Other current liabilities	19	477.26	442.32
Provisions	15	23.70	25.64
		1,693.19	1,478.44
Total		4,282.65	3,803.50

Summary of significant accounting policies and other explanatory information.

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This is the balance sheet referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
 Firm Registration Number: 304026E/E-300009



Pravin Rajani
 Partner
 Membership Number: 127460

Place: Pune
 Date: May 20, 2022

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



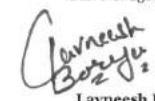
Mrudul J. Bhatia
 (Director)
 DIN No: 08991966



Madankumar K. Patil
 (Director)
 DIN No: 05149115



Ravinder S. Rana
 (CFO)
 PAN: AEMPR5503D



Lavneesh Bareja
 (Company secretary)
 PAN: CKOPB7017C

May 20, 2022

Cummins Sales & Service Private Limited
Statement of profit and loss (including other comprehensive income) for the year ended March 31,2022

Particulars	Note No.	₹ Lacs	
		Year Ended March 31, 2022	Year Ended March 31, 2021
Revenue from operations	20	10,159.29	8,672.32
Other income	21	25.68	31.20
Total income		10,184.97	8,703.52
Expenses			
Purchase of traded goods and services	22	7,283.76	6,027.45
Change in inventories of traded goods	23	(268.06)	(251.39)
Employee benefit expenses	24	1,891.15	1,713.53
Finance costs	25	66.55	58.96
Depreciation and amortisation expense	3	162.40	167.43
Other expenses	26	923.35	887.71
Total expenses		10,059.15	8,603.69
Profit before tax		125.82	99.83
Tax expense			
Net current tax		33.66	58.65
Tax expense pertaining to earlier years		(3.51)	(31.29)
Deferred tax credit	6	3.89	(29.52)
Total tax expense		34.04	(2.16)
Profit for the year		91.78	101.99
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent years :			
Remeasurement gain on defined benefit plans		18.49	42.73
Income tax effect		(4.65)	(10.75)
Net other comprehensive Income/(loss) not to be reclassified to profit or loss in subsequent years		13.84	31.98
Other comprehensive Income/(loss) for the year, net of tax		13.84	31.98
Total comprehensive Income for the year, net of tax		105.62	133.97
Earnings per equity share			
Basic and diluted earnings per share (₹)	27	0.76	0.85
(Nominal value per share ₹ 10)			


Summary of significant accounting policies and other explanatory information.

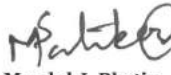
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This is the statement of profit and loss referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
 Firm Registration Number: 304026E/E-300009


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


Pravin Rajani
 Partner
 Membership Number: 127460


Mrudul J. Bhatia
 (Director)
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Madankumar K. Patil
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Place: Pune
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 May 20, 2022


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Cummins Sales & Service Private Limited
Cash flow statement for the year ended March 31,2022

₹ Laacs

	Year ended March 31,2022	Year ended March 31,2021
A Cash flow from operating activities		
Profit before tax	125.82	99.83
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	162.40	167.43
Interest expense	66.55	58.96
Loss/(gain) on disposal of property, plant and equipment/assets written-off	-	0.20
Bad debts written off	-	-
Provision for earlier years written back	(7.02)	(10.92)
Adjustment on adoption of Ind As 116	-	-
Interest income	(11.63)	(8.26)
Doubtful Receivables - Write-off	-	-
Provision for doubtful advances	(10.43)	13.30
Provision for excess and obsolete inventory	(42.12)	23.96
Provision for doubtful debts	24.92	24.00
Gain on disposal of right-of-used assets Asset	(1.63)	(1.12)
Rent concession received from lessor	(5.40)	(10.90)
Operating profit before working capital changes	301.48	356.48
Working capital adjustments:		
Movement in trade receivables	(143.15)	38.95
Movement in inventories	(225.94)	(275.35)
Movement in security deposits	6.67	(7.08)
Movement in other current financial assets	(29.70)	2.54
Movement in other current assets	53.63	(48.33)
Movement in trade payables	472.03	18.05
Movement in employee payables	24.20	15.21
Movement in other current liabilities	34.93	0.71
Movement in provisions	43.98	56.76
Net cash flows from operating activities	538.14	157.94
Direct taxes paid	(58.86)	(75.34)
Net cash flows from operating activities	479.29	82.60
B Cash flow from investing activities		
Purchase of property, plant and equipment	(15.57)	(15.73)
Proceed from Sale of property, plant and equipment	-	0.07
Interest received	11.63	8.26
Net cash (used in) investing activities	(3.94)	(7.40)
C Cash flow from financing activities		
Proceeds from borrowings (net)	(320.65)	67.07
Lease payments	(138.09)	(112.82)
Interest paid	(23.86)	(26.47)
Net cash (used in) financing activities	(482.60)	(72.22)
Net increase/ (decrease) in cash and cash equivalents	(7.25)	2.98
Cash and cash equivalents at the beginning of the year	7.98	5.00
Cash and cash equivalent at the year end	0.73	7.98
Components of cash and cash equivalents:		
Cash on hand	0.73	0.33
Cheques on hand	-	5.40
Balances with banks in current account	-	2.25

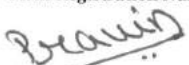
Summary of significant accounting policies and other explanatory information.


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

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

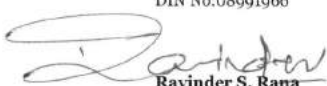
For and on behalf of the Board of Directors of
Cummins Sales & Service Private Limited


Pravin Rajani
Partner
Membership Number: 127460


Mrudul J. Bhatia
(Director)
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Place: Pune
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Ravinder S. Rana
(CFO)
PAN: AEMPR5503D


Lavneesh Bareja
(Company secretary)
PAN: CKOPB7017C

May 20, 2022

Cummins Sales & Service Private Limited
Statement of changes in equity for the year ended March 31,2022

A) Equity share

₹ Lacs

(1) Current reporting period

Balance at the beginning of the current reporting period	Changes in Equity Share capital due to prior period items	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current period	Balance at the beginning of the current reporting period
1,200.00	-	-	-	1,200.00

(2) Previous reporting period

Balance at the beginning of the current reporting period	Changes in Equity Share capital due to prior period items	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current period	Balance at the beginning of the current reporting period
1,200.00	-	-	-	1,200.00

B) Other equity

₹ Lacs

	Reserves and surplus	Attributable to owners of the parent
	Retained earnings	
Balance as at April 1, 2020	550.65	550.65
Profit for the year	101.99	101.99
Other comprehensive income	42.73	42.73
Income tax effect on above	(10.75)	(10.75)
Balance as at March 31, 2021	684.62	684.62
Profit for the year	91.78	91.78
Other comprehensive income	18.49	18.49
Income tax effect on above	(4.65)	(4.65)
Balance as at March 31,2022	790.24	790.24

Summary of significant accounting policies and

1-404


This is the statement of changes in equity referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

For and on behalf of the Board of Directors of

Cummins Sales & Service Private Limited


Pravin Rajani

Partner

Membership Number: 127460


Mrudul J. Bhatia

(Director)

DIN No:08991966



Madankumar K. Patil

(Director)

DIN No: 05149115

Place: Pune

Date: May 20, 2022


Ravinder S. Rana

(CFO)

PAN: AEMPR5503D

May 20, 2022


Lavneesh Bareja

(Company secretary)

PAN: CKOPB7017C

Cummins Sales & Service Private Limited

Significant accounting policies and notes to financial statements for the Year ended March 31, 2022

1. BACKGROUND AND NATURE OF OPERATIONS

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

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

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

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

b) Use of estimates

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

c) Property plant and equipment, depreciation and amortisation

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

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

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

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

- iii)** Intangible assets are recorded at the consideration paid for acquisition. Intangible assets are amortised over 3 to 6 years

Softwares are amortised over a period of useful lives from the date of purchase/date of completion of development and put to use, being the estimated useful life as per the management estimate or license term whichever is less.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost.



Cummins Sales & Service Private Limited

Significant accounting policies and notes to financial statements for the Year ended March 31, 2022

d) Inventories

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

e) Revenue recognition

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

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

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

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

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

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

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

Interest income

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

f) Lease charges under operating leases

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

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



Cummins Sales & Service Private Limited
Significant accounting policies and notes to financial statements for the Year ended March 31, 2022

g) Employee Benefits

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

A) Post-employment benefits

i) Defined contribution plans:

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

ii) Defined benefit plans

Unfunded Plan: The Company has defined benefit plans for Post-employment benefits in the form of Gratuity for all employees.

Liability for above defined benefit plans is provided on the basis of valuation, as at the balance sheet date, carried out by independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

B) Other long-term employee benefit (Unfunded)

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

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

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

h) Income-tax

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

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

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

i) Provisions and contingent liabilities

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



Cummins Sales & Service Private Limited

Significant accounting policies and notes to financial statements for the Year ended March 31, 2022

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

j) Impairment of non-financial assets

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

k) Cash and cash equivalents

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

l) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split.

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

m) Borrowings cost

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

n) Foreign currency transactions

i) Initial recognition

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

ii) Subsequent recognition

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

iii) Exchange differences

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

o) Financial instruments

A) Financial assets

i) Initial recognition and measurement

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

ii) Subsequent measurement

Financial assets carried at amortised cost (AC)

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

Financial assets at fair value through other comprehensive income (FVTOCI)

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

Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.



Cummins Sales & Service Private Limited

Significant accounting policies and notes to financial statements for the Year ended March 31, 2022

iii) Impairment of financial assets

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

iv) Derecognition of financial assets

A financial asset is derecognised when:

- The Company has transferred the right to receive cash flows from the financial assets; or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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

B) Financial liabilities

i) Initial recognition and subsequent measurement

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

ii) Subsequent measurement

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

C) Fair value of financial instruments

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

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Cummins Sales & Service Private Limited
 Significant accounting policies and other explanatory information for the year ended March 31, 2022
 3- Property, plant and equipment and intangible assets

Particulars	Gross block (at cost)		Depreciation and amortisation		Net block	
	As at April 1, 2021	As at March 31, 2022	For the year	Deductions / Write-off	As at March 31, 2022	As at March 31, 2021
Tangible assets:						
Buildings (ROU)	485.74	249.81	109.39	(64.58)	326.71	203.84
Leasehold Improvements	111.71	1.89	5.78	-	101.16	12.44
Tools	98.94	1.91	7.58	-	90.47	16.33
Computers	105.90	9.30	7.41	-	99.39	10.37
Plant and machinery	12.34	-	0.80	-	7.74	15.81
Office Equipment	71.33	2.47	6.60	-	64.46	4.60
Furniture and fittings	64.57	-	4.14	-	53.87	9.34
Vehicles	47.57	-	3.25	-	36.24	13.47
	998.10	265.37	144.95	(64.58)	780.04	408.98
Intangible assets:						
Software	158.75	158.75	17.45	-	139.62	19.14
	158.75	158.75	17.45	-	139.62	19.14
						36.59

Particulars	Gross block (at cost)		Depreciation and amortisation		Net block	
	As at April 1, 2020	As at March 31, 2021	For the year	Deductions / Write-off	As at March 31, 2021	As at March 31, 2020
Tangible assets:						
Buildings (ROU)	647.50	485.74	99.34	(80.51)	281.90	203.84
Leasehold Improvements	111.71	111.71	8.46	-	95.38	24.79
Tools	90.33	98.94	11.14	(0.35)	82.89	16.05
Computers	99.13	105.90	11.26	-	91.97	13.93
Plant and machinery	12.34	12.34	0.84	-	6.94	5.40
Office Equipment	73.46	74.53	8.94	(1.87)	57.86	13.47
Furniture and fittings	64.57	64.57	6.70	-	49.73	21.54
Vehicles	47.57	47.57	3.29	-	33.00	14.84
	1,146.61	998.10	149.97	(82.73)	699.67	298.43
Intangible assets:						
Software	158.75	158.75	17.46	-	122.16	36.59
	158.75	158.75	17.46	-	122.16	36.59

Particulars	Gross block (at cost)		Depreciation and amortisation		Net block	
	As at April 1, 2020	As at March 31, 2021	For the year	Deductions / Write-off	As at March 31, 2021	As at March 31, 2020
Tangible assets:						
Buildings (ROU)	647.50	485.74	99.34	(80.51)	281.90	203.84
Leasehold Improvements	111.71	111.71	8.46	-	95.38	24.79
Tools	90.33	98.94	11.14	(0.35)	82.89	16.05
Computers	99.13	105.90	11.26	-	91.97	13.93
Plant and machinery	12.34	12.34	0.84	-	6.94	5.40
Office Equipment	73.46	74.53	8.94	(1.87)	57.86	13.47
Furniture and fittings	64.57	64.57	6.70	-	49.73	21.54
Vehicles	47.57	47.57	3.29	-	33.00	14.84
	1,146.61	998.10	149.97	(82.73)	699.67	298.43
Intangible assets:						
Software	158.75	158.75	17.46	-	122.16	36.59
	158.75	158.75	17.46	-	122.16	36.59



Cummins Sales & Service Private Limited

Significant accounting policies and other explanatory information for the year ended March 31, 2022

4. Non-Current security deposits

	₹ Lacs	
	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Security deposits*	126.56	127.99
Unsecured, considered doubtful		
Security deposits*-Credit Impaired	18.98	29.40
Less: Provision for credit impaired	(18.98)	(29.40)
	126.56	127.99

* The security deposits are measured at amortised cost.

5. Non-current tax assets (net)

	₹ Lacs	
	As at March 31, 2022	As at March 31, 2021
Advance income-tax	184.53	155.82
	184.53	155.82

6. Deferred tax

A. Deferred tax assets (net)

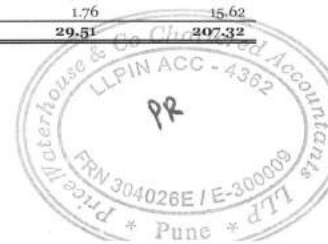
	₹ Lacs	
	As at March 31, 2022	As at March 31, 2021
Deferred tax asset		
Provision for doubtful debts	20.45	22.37
Provision for employee benefits	87.42	81.00
Depreciation and amortisation	30.99	29.04
Other	48.43	59.28
Lease liability	11.48	15.62
	198.77	207.31

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

Reconciliation of deferred tax assets (net)

Particulars	March 31, 2022			₹ Lacs
	April 1, 2021	Recognised in other comprehensive income	Recognised in profit and loss	March 31, 2022
Deferred tax assets on the account of				
Provision for doubtful debts	22.37	-	(1.92)	20.45
Provision for employee benefits	81.01	(4.65)	11.07	87.43
Depreciation and amortisation	29.04	-	1.95	30.99
Other	59.28	-	(10.85)	48.43
Lease liability	15.62	-	(4.14)	11.48
	207.32	(4.65)	(3.89)	198.78

Particulars	As at March 31, 2021			₹ Lacs
	April 1, 2020	Recognised in other comprehensive income	Recognised in profit and loss	March 31, 2021
Deferred tax assets on the account of				
Provision for doubtful debts	12.98	-	9.39	22.37
Provision for employee benefits	83.31	(10.75)	8.44	81.01
Depreciation and amortisation	24.94	-	4.10	29.04
Other	53.46	-	5.82	59.28
Lease liability	13.86	-	1.76	15.62
	188.55	(10.75)	29.51	207.32



Cummins Sales & Service Private Limited
Significant accounting policies and other explanatory information for the year ended March 31, 2022

6. Deferred tax (Contd.)

B The major components of income tax expenses for the years ended March 31, 2022 and March 31, 2021 are:

	₹ Lacs	
	As at March 31, 2022	As at March 31, 2021
Statement of profit and loss:		
Current income tax		
Current income tax charge	52.44	58.65
Tax expense pertaining to earlier years	(3.51)	(31.29)
Deferred tax		
Relating to originating and reversal of temporary differences	14.07	(29.52)
Income tax expenses reported in the statement of profit and loss	63.00	(2.16)
Other comprehensive income:		
Income tax related to items recognised in OCI during the year:	(4.65)	(10.75)
Net gain on remeasurements of defined benefit plans	(4.65)	(10.75)

C Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2021

	₹ Lacs	
	As at March 31, 2022	As at March 31, 2021
Accounting profit before tax	125.82	99.82
At India's statutory Income tax rate of 25.168% (March 31, 2021: 25.168 %)	34.64	25.12
Adjustment in respect of income tax related to earlier year	(3.51)	(31.29)
Others	2.91	4.01
Income tax expenses reported in the statement of profit and loss	34.05	(2.16)

7. Inventories

	₹ Lacs	
	As at March 31, 2022	As at March 31, 2021
Traded goods	1,485.32	1,217.26
	1,485.32	1,217.26

Note:

- i) During the period ended March 31, 2022, 3.52 lacs (March 31, 2021: ₹ 0.93 lacs) was recognised as an expense for inventories carried at net realisable value. The carrying amount of inventories is carried at fair value less costs to sell.
- ii) Cumulative provision made for excess and obsolete inventories upto year March 31, 2022, ₹ 193.44 lacs (upto March 31, 2021: ₹ 235.55 lacs).
- iii) Inventory is pledged as security against limit sanctioned by HDFC bank(Refer note 16).

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Cummins Sales & Service Private Limited
Significant accounting policies and other explanatory information for the year ended March 31, 2022

8. Trade receivables

	₹ Lacs	
	As at March 31, 2022	As at March 31, 2021
Trade receivables considered good - secured	-	-
Trade receivable consider good- Unsecured	1,518.12	1,403.40
Trade receivable consider not good- Unsecured	62.26	59.48
Trade receivables from related parties considered good - unsecured	42.04	31.51
Less: Loss allowance	(62.26)	(59.48)
	1,560.16	1,434.91
	₹ Lacs	
	As at March 31, 2022	As at March 31, 2021
Opening provision	59.48	35.48
Add: Additions (Net)	17.20	24.00
Less: Write-offs*	14.42	-
Closing provision	62.26	59.48

* Total bad debts written-off during the year ended March 31, 2022 is 14.42 Lakhs (2020-21- NIL).

1. Current Year- Ageing for account for receivables

Particulars	Outstanding for the following periods from due date of payment#						Total
	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - considered good	679.98	588.40	88.88	103.83	31.00	5.81	1497.90
(ii) Undisputed Trade Receivables - considered doubtful	0.00	0.12	3.69	12.47	13.70	27.52	57.50
(iii) Disputed Trade Receivables - considered good	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Disputed Trade Receivables - considered doubtful	0.00	0.00	0.00	0.00	1.07	3.69	4.76

2. Previous Year- Ageing for account for receivables

Particulars	Outstanding for the following periods from due date of payment#						Total
	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - considered good	700.00	383.96	149.69	129.40	12.38	0.00	1375.43
(ii) Undisputed Trade Receivables - considered doubtful	0.00	0.05	0.07	2.90	13.97	42.49	59.48
(iii) Disputed Trade Receivables - considered good	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Disputed Trade Receivables - considered doubtful	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Expected credit loss for trade receivables

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

Particulars	As at March 31, 2022			
	Gross Carrying amount	Expected probability of default	Expected credit loss	Carrying amount (net of expected credit loss)
0-1 years past due	1,395.87	0%	0.06	1,395.81
1-2 years past due	137.95	6%	8.35	129.60
2-3 years past due	49.18	23%	11.43	37.76
More than 3 years past due	39.44	108%	42.44	(3.01)
Total	1,622.44		62.28	1,560.16

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Cummins Sales & Service Private Limited
Significant accounting policies and other explanatory information for the year ended March 31,2022

9. Cash and cash equivalents

	₹ Lacs	
	As at March 31,2022	As at March 31,2021
Cash on hand	0.73	0.33
Cheque on hand	-	5.40
Balance with banks in current accounts	-	2.25
	0.73	7.98

10. Security deposits (current)

	₹ Lacs	
	As at March 31,2022	As at March 31,2021
Unsecured, considered good		
Security deposits	15.19	16.45
Interest accrued on security deposits	12.47	6.03
Unsecured, considered doubtful	-	-
	27.66	22.48

Reconciliation of provision for doubtful security deposits

	₹ Lacs	
	As at March 31,2022	As at March 31,2021
Opening provision	29.40	16.10
Add: Additions	(29.40)	13.30
Closing provision	(0.01)	29.40

11. Other current financial assets

	₹ Lacs	
	As at March 31,2022	As at March 31,2021
Unsecured, considered good		
Employee advances	-	-
Others	47.32	17.62
	47.32	17.62

12. Other current assets

	₹ Lacs	
	As at March 31,2022	As at March 31,2021
Unsecured, considered good		
Balances with statutory/government authorities	-	14.77
Prepaid expenses	85.93	33.61
Advance to suppliers	7.17	10.56
Receivable from related party (Refer note 31)	78.85	184.64
Other receivable	51.53	33.53
	223.48	277.11

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Cummins Sales & Service Private Limited

Significant accounting policies and other explanatory information for the year ended March 31,2022

13. Share capital

	₹ Lacs	
	As at March 31,2022	As at March 31,2021
Authorised 12,000,000 equity shares of ₹ 10 each	1,200.00	1,200.00
Issued, subscribed and fully paid-up shares 12,000,000 equity shares of ₹ 10 each	1,200.00	1,200.00
	1,200.00	1,200.00

a. Reconciliation of number of shares

Equity shares	As at March 31,2022		As at March 31,2021	
	Nos.	₹ Lacs	Nos.	₹ Lacs
Balance as at the beginning of the year	12,000,000	1,200.00	12,000,000	1,200.00
Balance as at the end of the year	12,000,000	1,200.00	12,000,000	1,200.00

b. Rights, preferences and restrictions attached to shares

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

c. Of the above equity shares, 11,999,990 (March 31, 2021: 11,999,990) shares of ₹ 10 each are held by the Holding Company, Cummins India Limited . Of the remaining 10 equity shares, 5 equity shares each are held by Ms. Shveta Arya and Cummins India Limited jointly(March 31, 2021: 5 equity shares each are held by Ms. Shveta Arya and Cummins India Limited jointly) and 5 equity shares each are held by Mr. Madankumar Kotragauda Patil and Cummins India Limited jointly.

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

e. Details of shares held by the promoter holding more than 5% of the aggregate shares in the Company

	As at March 31,2022		As at March 31,2021	
	Nos.	%	Nos.	%
Equity shares of ₹ 10 each fully paid				
Cummins India Limited (Refer note c above)	11,999,990	100.00%	11,999,990	100.00%
Cummins India Limited jointly held by Shveta Arya	5	0.00%	5	0.00%
Cummins India Limited jointly held by Madankumar K. Patil	5	0.00%	5	0.00%

14. Other equity

	₹ Lacs	
	As at March 31,2022	As at March 31,2021
Opening balance	684.62	550.65
Adjustment on adoption of Ind As 116		
Profit for the year	91.78	101.99
Other comprehensive income for the year	13.84	31.98
Closing balance	790.24	684.62

Description of nature and purpose of each reserve

Retained earnings:

Retained earnings are created from the profit of the Company, as adjusted for distribution to owners, transfer to other reserve, remeasurement of defined benefit plans etc.

15. Provisions

	₹ Lacs	
	As at March 31,2022	As at March 31,2021
Provision for post retirement benefit and compensated absences (Refer note 30)	347.33	321.85
	347.33	321.85
Current provisions		
Provision for gratuity	16.91	18.01
Provision for compensated absences	6.79	7.63
	23.70	25.64
Non-current provisions		
Provision for gratuity	249.05	225.35
Provision for compensated absences	74.59	70.86
	323.64	296.21



Cummins Sales & Service Private Limited
Significant accounting policies and other explanatory information for the year ended March 31,2022

16. Borrowings

	₹ Laacs	
	As at	As at
	March 31,2022	March 31,2021
Secured		
Cash credit	136.92	157.56
Working capital demand loan	-	300.00
	136.92	457.56

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

17. Trade payables

	₹ Laacs	
	As at	As at
	March 31,2022	March 31,2021
- Total outstanding dues of Micro enterprises and small enterprises	28.50	22.69
- Total outstanding dues of Creditors other than Micro enterprises and small enterprises	688.99	222.77
	717.49	245.46

Trade payables to related party amounts to ₹ 438.5 lakh (₹ 48.74 lakh last year). Refer note 31.

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

1. Current Year- Ageing for trade payable

Particulars	Outstanding for the following periods from due date of payment#						Total
	Unbilled	Not Due	Less than 1	1-2 years	2-3 years	More than 3	
(i) MSME	-	28.61	0.00	-	-	0.06	28.68
(ii) Others	55.95	609.32	20.09	0.92	-	-	686.28
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	0.00	2.53	2.53

2. Previous Year- Ageing for trade payable

Particulars	Outstanding for the following periods from due date of payment#						Total
	Unbilled	Not Due	Less than 1	1-2 years	2-3 years	More than 3	
(i) MSME	-	96.85	-	-	0.07	-	96.92
(ii) Others	69.28	38.85	36.15	1.73	-	-	146.01
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	2.53	2.53

a) The principal amount and the interest due thereon remaining unpaid to supplier as at the end of year

	As at March 31,2022	As at March 31,2021
- Principal amount due to micro, small and medium enterprises	28.50	22.69
- Interest due	0.1	0.1

b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 (27 of 2006) along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year

-

c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.

0.1

0.1

d) The amount of interest accrued and remaining unpaid at the end of each accounting year

0.1

0.1

e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006

-

-

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

18. Other financial liabilities

	₹ Laacs	
	As at	As at
	March 31,2022	March 31,2021
Employee payables		
Salaries, wages and bonus payable	233.44	209.21
	233.44	209.21

19. Other current liabilities

	₹ Laacs	
	As at	As at
	March 31,2022	March 31,2021
Statutory dues	59.56	45.41
Unearned revenue	364.66	352.42
Advances from customers	53.04	44.49
	477.26	442.32



Cummins Sales & Service Private Limited
Significant accounting policies and other explanatory information for the year ended March 31,2022

20 Revenue from operations

	₹ Lacs	
	Year ended March 31,2022	Year ended March 31,2021
Sale of traded goods*	7,959.77	6,702.68
Sale of services	2,199.52	1,969.64
	10,159.29	8,672.32

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

21 Other income

	₹ Lacs	
	Year ended March 31,2022	Year ended March 31, 2021
Interest income on security deposits	11.63	8.26
Gain on sale of property, plant and equipment	-	-
Advances received written back	7.02	10.92
Gain on disposal of right-of-use asset	1.63	1.12
Rent concession	5.40	10.90
	25.68	31.20

22 Purchase of traded goods and services

	₹ Lacs	
	Year ended March 31,2022	Year ended March 31, 2021
Purchase of traded goods - spare parts and consumables*	7,070.43	5,868.60
Direct expenses - repair charges for job works	213.33	158.85
	7,283.76	6,027.45

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

23 Change in inventories of traded goods

	₹ Lacs	
	Year ended March 31,2022	Year ended March 31, 2021
Inventories at the beginning of the year Traded goods	1,217.26	965.87
Inventories at the end of the year Traded goods	(1,485.32)	(1,217.26)
	(268.06)	(251.39)

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Cummins Sales & Service Private Limited
Significant accounting policies and other explanatory information for the year ended March 31,2022

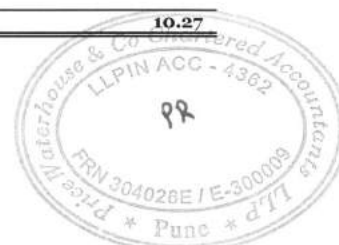
24. Employee benefit expenses	₹ Lacs	
	Year ended	Year ended
	March 31,2022	March 31, 2021
Salaries, wages and bonus	1,721.09	1,570.89
Contribution to provident and other funds	115.95	113.30
Staff welfare expenses	54.11	29.34
	1,891.15	1,713.53

25. Finance costs	₹ Lacs	
	Year ended	Year ended
	March 31,2022	March 31, 2021
Interest cost	23.86	26.47
Interest expense on lease liability	42.69	32.49
	66.55	58.96

26. Other expenses	₹ Lacs	
	Year ended	Year ended
	March 31,2022	March 31, 2021
Communication expenses	48.15	46.83
Sales promotion and advertisement	2.25	2.50
Legal and professional fees	146.21	139.82
Travelling and conveyance	194.09	165.89
Repairs and maintenance	-	-
-Buildings	-	-
-Others	21.63	33.18
Provision for doubtful debts and advances	14.50	37.30
Power and fuel consumed	17.76	13.45
Printing and stationery	8.82	5.56
Rent(Refer note 36 (v))	49.07	61.38
Service charges for business support	89.14	54.09
Insurance	45.86	50.22
Freight outward	63.71	56.14
Wages to casual labour	64.10	65.74
Contracted security	56.96	51.26
Bad debts written off	-	-
Software expenses	-	64.87
Payment to auditors (refer details below)	12.08	10.27
Asset written off /net loss on sale of property, plant and equipment	-	0.20
Bank charges	3.09	1.26
Miscellaneous expenses	85.93	27.75
	923.35	887.71

Payment to auditors*	₹ Lacs	
	Year ended	Year ended
	March 31,2022	March 31, 2021
Statutory audit	8.50	8.50
Tax audit	1.50	1.50
Out of pocket expenses	2.00	0.27
	12.00	10.27

* excluding applicable taxes



Cummins Sales & Service Private Limited**Significant accounting policies and other explanatory information for the year ended March 31,2022****27. Earning per share (EPS)**

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

	Year ended March 31,2022	Year ended March 31, 2021
Profit for the year after taxation (₹ Lacs)	91.78	101.99
Weighted average number of shares outstanding during the year	12,000,000	12,000,000
Face value per share (₹)	10.00	10.00
Earnings per share (Basic and Diluted) (₹)	0.76	0.85

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Cummins Sales & Service Private Limited

Significant accounting policies and other explanatory information for the year ended March 31, 2022

28. Significant accounting judgements, estimates and assumptions

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

Judgements

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

Estimates and assumptions

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

1 Defined benefit plans (gratuity benefits):

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

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

2 Fair value measurements of financial instruments:

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

3 Contingent liabilities

The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

4 Allowance for doubtful debts

The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognized in the financial statements.

5 Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.



Cummins Sales & Service Private Limited**Significant accounting policies and other explanatory information for the year ended March 31,2022****6 Leases**

The Company determines the lease term as the non-cancellable period of a lease including any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to operations, taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. The Company has applied an incremental borrowing rate for the purpose of computing lease liabilities based on the rate prevailing in India. The incremental borrowing rate used was 8.90%.

29. Contingent liabilities and commitments

	₹ Lacs	
	Year ended March 31,2022	Year ended March 31, 2021
(a) Contingent liabilities		
Bank guarantees	27.73	27.07
	27.73	27.07

(b) Provident fund

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. The Company has implemented the SC decision prospectively.

(c) Commitment

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

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Cummins Sales & Service Private Limited

Significant accounting policies and other explanatory information for the year ended March 31,2022

30. Employee benefit plans

A. Defined contributions plans

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

Sr. No.	Particulars	₹ Lacs	
		Year ended March 31,2022	Year ended March 31, 2021
i)	Employees provident fund	100.44	102.97
ii)	Employees state insurance	7.61	10.33
		108.05	113.30

B. Defined benefits plans

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

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

Sr. No.	Particulars	₹ Lacs	
		Year ended March 31,2022	Year ended March 31, 2021
i)	Current service cost	38.86	47.94
ii)	Interest cost	15.85	15.46
iii)	Actuarial (gains)/losses reclassified to other comprehensive income	(18.49)	(42.73)
		36.22	20.67

b. The amount recognised as other comprehensive income:

Sr. No.	Particulars	₹ Lacs	
		Year ended March 31,2022	Year ended March 31, 2021
i)	Actuarial (gains)/losses	(18.49)	(42.73)
		(18.49)	(42.73)

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

Sr. No.	Particulars	₹ Lacs	
		As at March 31,2022	As at March 31, 2021
	Opening defined benefit obligation	243.35	238.76
i)	Current service cost	38.86	47.94
ii)	Interest Cost	15.85	15.46
iii)	Actuarial (gains) / losses	(18.49)	(42.73)
iv)	Benefits Paid	(13.62)	(16.08)
	Closing defined benbenefit obligation	265.95	243.35
	Current defined benefit obligation	16.91	18.01
	Non-current defined benefit obligation	249.05	225.35

d. Expected benefit payments for the next year:

Sr. No.	Particulars	₹ Lacs	
		As at March 31,2022	As at March 31, 2021
i)	Expected benefit payments for the next year	17.49	18.60
		17.49	18.60

e. Following are the Principal Actuarial Assumption used for gratuity and compensated absences as at the balance sheet date:

Sr. No.	Particulars	₹ Lacs	
		Year ended March 31,2022	Year ended March 31, 2021
i)	Discount rate	7.00%	6.70%
ii)	Salary escalation rate	9.00%	9.00%
iii)	Withdrawal rate	8.00%	8.00%
iv)	Mortality rate	Indian assured lives mortality (2006-08) (modified)ult	Indian assured lives mortality (2006-08) (modified)ult

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



Cummins Sales & Service Private Limited
Significant accounting policies and other explanatory information for the year ended March 31, 2022

30. Employee benefit plans (Contd.)

f. Experience adjustment history:

Sr. No.	Particulars	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
i)	Defined benefit obligation at end of the period	265.95	243.35	238.76	(169.98)	(130.00)
ii)	Funded status	265.95	243.35	238.76	(169.98)	(130.00)
iii)	Experience Gain/(Loss) adjustments on plan Liabilities	17.49	18.60	14.50	(8.44)	2.53
iv)	Actuarial Gain/(Loss) due to Change on assumptions	(7.49)	(24.36)	(37.71)	(1.57)	6.27

g. A quantitative sensitivity analysis for significant assumption as at March 31, 2022 is as shown below:

Sr. No.	Assumptions	Year ended		Year ended		
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2022	
	Sensitivity level	Discount rate	Future salary increase	Withdrawal rate		
		0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	
i)	Gratuity fund	(11.76)	12.67	12.39	(16.16)	27.89

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

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Cummins Sales & Service Private Limited
Significant accounting policies and other explanatory information for the year ended March 31, 2022

31. Related party disclosures

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

Name of related party	Nature of relationship
Cummins India Limited	Holding Company
Valvoline Cummins Private Limited	Entity controlled by Holding Company
Cummins Technologies India Private Limited	Entity controlled by Holding Company
Cummins Inc.	Ultimate holding company
Mr. Ashish Taneja	Director
Mr. Madankumar Kotragauda Patil	Director
Ms. Shveta Arya	Director
Ms. Mrudul Jatin Bhatia	Director
Ms. Sanjit Kaur Batra	Director
Mr. Naresh Dua	Key management personnel (up to 05 August 2021)
Mr. Shekhar Ahuja	Key management personnel (w.e.f. 06 August 2021)
Mr. Ravinder Singh Rana	Chief financial officer

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

Name of the party	Nature of transaction	₹ Lacs	
		Year ended March 31, 2022	Year ended March 31, 2021
Cummins India Limited	Purchase of genset spare parts (refer note (ii) below)	4,976.70	4,039.38
	Service charges for business support	89.14	54.09
	Professional charges (refer note (i) below)	120.28	112.43
	Training expenses	8.92	17.78
	Software charges	34.31	30.40
	Others	-	-
	Parts Sale	1,476.66	1,062.45
Valvoline Cummins Private Limited	Service Sale	556.17	474.0
	Purchase of oil and lubricants	1,662.93	1,502.29
Cummins Technologies India Private Limited	Service Sale	0.54	-
	Parts Sale	0.27	0.94
	Professional Charges	22.71	32.82
	Others	4.25	3.24
Cummins Inc.	Purchase of software licenses	19.68	-
Directors sitting fees	Directors sitting fees	2.98	3.09
		0.3	0.6

c) Outstanding balances

Name of the Party	Nature of transaction	March 31, 2022	Year ended March 31, 2021
Cummins Technologies India Private Limited	Trade payable	1.41	3.46
Cummins India Limited	Trade payable	437.09	45.28
Valvoline Cummins Private Limited	Trade payable	125.00	-
		438.50	48.74
Cummins India Limited	Trade receivable	41.74	26.73
Cummins India Limited	Other current assets (refer note (v) below)	-	-
Cummins Technologies India Private Limited	Trade receivable	0.30	4.60
Valvoline Cummins Private Limited	Other current assets (refer note (iv) below)	-	-
Valvoline Cummins Private Limited	Trade Receivable	-	0.18
		42.04	31.51

Terms and conditions of transactions with related parties:

- Includes remuneration paid to key managerial personnel
- The sales to and purchases from related parties including services are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received from any related party receivables or payables. For the year ended March 31, 2022, the Company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2021: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.
- Does not include ₹ 46.35 lakh (previous year : ₹ 11.23 lakh) towards engine business commission.
- KMP's also participate in post-employment benefit plans and other long term benefits provided by the company. The amounts in respect of these towards the KMP's cannot be segregated as these are based on actuarial valuation for all employees of the Company.
- Does not include the accrued income of ₹ 53.14 lakh (Previous year : ₹ 75.20 lakh) to Valvoline Cummins Private Limited.
- Does not include the unbilled TDS recoverable amount of ₹ 78.84 Lakh (Previous year : ₹ 109.43 lakh) which has been paid on the behalf of Cummins India Limited.



Cummins Sales & Service Private Limited

Significant accounting policies and other explanatory information for the year ended March 31,2022

32. Segment information

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

33. Fair value disclosures

(i) Fair values hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Financial assets and liabilities measured at fair value - recurring fair value measurements

The Company does not have any financial instruments which are measured at Fair value either through statement of profit and loss or through other comprehensive income.

Fair value of instruments measured at amortised cost

(iii) All financial assets and financial liabilities are recorded at amortised cost the details of which are given below:

Particulars	March 31,2022	March 31, 2021
Financial assets		
Non current financial assets		
Security deposits	126.56	127.99
Current financial assets		
Trade receivables	1,560.16	1,434.91
Cash and cash	0.73	7.98
Security deposits	27.66	22.48
Other financial	47.32	17.62
Total	1,762.43	1,610.97
Financial liabilities		
Non-current financial liabilities		
Lease liability	275.58	144.23
Current financial liabilities		
Borrowings	136.92	457.56
Lease liability	104.40	98.25
Trade payables	717.49	245.46
Other financial liabilities	233.42	209.21
Total	1,467.81	1,154.71

34. Financial risk management

Financial risk factors:

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

a) Market risk

i) Interest rate risk

Interest rate risk is the fair value of future cash flows of a financial instrument which will fluctuate because of changes in the market interest rates. The Company's investments in fixed deposits pay interest at fixed interest rates.

₹ Laacs			
Interest rate	% change	Year ended March 31,2022 Effect on Profit before tax	Year ended March 31, 2021 Effect on Profit before tax
8.00%	1% Increase	(2.98)	-
	1% Decrease	2.98	-
8.00%	1% Increase	-	(3.31)
	1% Decrease	-	3.31

b) Credit risk

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

₹ Laacs		
	As at March 31,2022	As at March 31,2021
Non-current financial assets		
Security Deposit	126.56	127.99
Current financial assets		
Trade receivables	1,560.16	1,434.91
Cash and cash equivalents	0.73	7.98
Security deposits	27.66	22.48
Other financial assets	47.32	17.62
	1,762.43	1,610.97



Cummins Sales & Service Private Limited

Significant accounting policies and other explanatory information for the year ended March 31,2022

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

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

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

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

c) Liquidity risk

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

March 31,2022	On demand	Less than 3 months	3-12 months	1-5 years	₹ Laacs	
					>5 years	Total
Borrowings	136.92	-	-	-	-	136.92
Trade payables	-	717.49	-	-	-	717.49
Other financial liabilities	-	233.44	-	-	-	233.44
Lease liability	-	26.10	78.30	275.58	126.74	506.72

March 31,2021	On demand	Less than 3 months	3-12 months	1-5 years	₹ Laacs	
					>5 years	Total
Borrowings	157.56	-	300.00	-	-	457.56
Trade payables	-	245.46	-	-	-	245.46
Other financial liabilities	-	209.21	-	-	-	209.21
Lease liability	-	23.46	74.79	144.23	-	242.48

d) Foreign currency risk

The Company is not exposed to foreign currency sensitivity as it does not have any financial assets or liabilities denominated in foreign currency.

e) Capital Management

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

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

	₹ Laacs	
	As at March 31,2022	As at March 31, 2021
Borrowings	136.92	457.56
Less: Cash and cash equivalents	(0.73)	(7.98)
Net Debt	136.19	449.58
Equity and other equity	1,990.24	1,884.62
Equity+Net debt	2,126.43	2,334.20
Net Gearing ratio	6.84%	23.86%

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Cummins Sales & Service Private Limited

Significant accounting policies and other explanatory information for the year ended March 31, 2022

35 Revenue related disclosures

A Disaggregation of revenue

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

Particulars	₹ Lacs	
	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from contracts with customers		
(i) Sale of products	7,959.77	6,702.68
(ii) Sale of services	2,199.52	1,969.64
Total revenue covered under Ind AS 115	10,159.29	8,672.32

B Contract balances

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

Particulars	₹ Lacs	
	As at 31 March 2022	As at 31 March 2021
Contract liabilities		
Advances from consumers	53.04	44.49
Unearned revenue	364.66	352.42
Total contract liabilities	417.70	396.91
Receivables		
Trade receivables	1,622.42	1,494.39
Less: Loss allowance	(62.26)	(59.48)
Net receivables	1,560.16	1,434.91

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

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

Particulars	₹ Lacs			
	As at 31 March 2022		As at 31 March 2021	
	Contract Liabilities		Contract Liabilities	
	Advances from consumers	Unearned revenue	Advances from consumers	Unearned revenue
Opening balance	44.49	352.42	55.13	346.17
Addition during the year	53.04	364.66	44.49	352.42
Reversed during the year				
Revenue recognised during the year	(44.49)	(352.42)	(55.13)	(346.17)
Closing balance	53.04	364.66	44.49	352.42

D The Company has allocated transaction price of ₹ 364.66 Lacs (March 31, 2021: ₹ 352.42) to unsatisfied performance obligation related to service which will be satisfied in next year.

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Cummins Sales & Service Private Limited
Significant accounting policies and other explanatory information for the year ended March 31,2022

36 Lease accounting

i) **Lease Liabilities presented in Balance Sheet**

Particulars	₹ Laacs	
	As at 31 March 2022	As at 31 March 2021
Lease Liabilities (Current)	104.40	98.25
Lease Liabilities (Non-Current)	275.59	144.23
Total	379.99	242.48

ii) **Future minimum finance lease payments as at 31 March 2022 were as follows:**

Particulars	₹ Laacs		
	Within 1 year	One to five years	After 5 years
Lease Payments	138.47	323.41	126.74
Finance charges	(34.07)	(105.53)	(13.97)
	104.41	217.88	112.76

iii) Total cash outflow for leases for the year ended 31 March 2022 was Rs. 138.09 laacs (31 March 2021: ₹ 112.82).

iv) **Additional Information on the right-of-use assets is as follows:**

Particulars	Carrying Amount		Depreciation Expense	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
	Buildings	334.40	203.84	109.39
Total	334.40	203.84	109.39	99.34

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Cummins Sales & Service Private Limited

Significant accounting policies and other explanatory information for the year ended March 31,2022

v) **Operating leases**

The Company has entered into cancellable lease for office premises and machinery. Lease expense for the year ended 31 March, 2022 amounts to Rs. 22.60 lakh (31st March,2021 – Rs. 27.72 lakh).

vi) The Company has applied practical expedient for rent concessions as a direct consequence of the COVID-19 pandemic and recognized ₹ 5.40 lakh in its statements of profit and loss (including other comprehensive income) for the year ended 31 March,2022(31st March,2021 - 10.90 lakh).

37. Expenditure in foreign currency (on accrual basis)

	₹ Lacs	
	Year ended March 31,2022	Year ended March 31, 2021
Purchase of software licenses	2.98	3.09
	2.98	3.09

38. Transfer pricing

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

39. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources on the expected future performance of the Company. The Company expects the carrying amount of these assets will be recovered and sufficient liquidity is available to fund the business operations for at least another 12 months. Given the uncertainty because of COVID-19, the final impact on the Company's assets in future may differ from that estimated as at the date of approval of these financial statements

40. Effective April 1, 2017, the Company adopted the amendment to Ind AS-7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirements. The adoption of the amendment did not have any material impact on the financial statements and accordingly, the reconciliation is not disclosed.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

41 Disclosure of following ratios

	Numerator	Denominator	Year ended		% Variance	Reason for variance
			March 31,2022	March 31,2021		
(a) Current Ratio	Current Assets	Current liability	1.98	2.01	-2%	
(b) Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.26	0.37	-30%	Bank borrowing has reduced
(c) Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	0.85	0.49	76%	Bank borrowing has reduced
(d) Return on Equity Ratio	Net Profits after taxes(-) Preference Dividend (if any)	Average Shareholder's Equity	0.05	0.06	-16%	
(e) Inventory turnover ratio	Cost of goods sold OR sales	Average Inventory	5.89	6.14	-4%	
(f) Trade Receivables turnover ratio	Net Credit Sales/total sales	Avg. Accounts Receivable	6.78	5.94	14%	
(g) Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	14.69	24.82	-41%	Change in payment terms due to cash discount policy change
(h) Net capital turnover ratio	Net Sales	Working capital	6.15	5.79	6%	
(i) Net profit ratio	Net Profit	Net Sales	0.01	0.01	-23%	
(j) Return on Capital employed	Earning before interest and taxes	Capital Employed	0.08	0.06	25%	
(k) Return on investment	EBIT	Total Assets	0.04	0.04	8%	

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Cummins Sales & Service Private Limited
Significant accounting policies and other explanatory information for the year ended March 31,2022

42 If the company has borrowings from banks or financial institutions on basis of security of current assets, the following to be disclosed:

(a)The quarterly returns/ statement of current assets filed by the Cummins Sales & Services Private Limited with banks or financial institutions is not in agreement with books of account

Particulars	Q1			Q2			Q3			Q4		
	Finished Goods	Sundry Debtors	Sundry Creditors	Finished Goods	Sundry Debtors	Sundry Creditors	Finished Goods	Sundry Debtors	Sundry Creditors	Finished Goods	Sundry Debtors	Sundry Creditors
As per Financials	1188.81	1327.74	184.42	1537.78	1478.58	347.73	1537.59	1734.48	1145.56	1485.32	1560.15	717.49
As per Stock statement	1169.29	1340.04	165.60	1347.39	1431.03	325.63	1294.31	1637.22	1097.75	1241.45	1635.32	688.12
Variance	19.52	-12.30	18.82	190.39	47.55	22.10	243.28	97.26	47.81	243.87	-75.17	29.37

- (i) The reason for variance in finished goods is due to goods in transit.
(ii) The reason for variance in sundry debtors is due to regrouping of customer advances and provision for doubtful debts.
(iii) The reason for variance in sundry creditors is due to lease accounting as per Ind AS 116 and regrouping of vendor advances

43 The company does not have any transaction with companies struck off under section 248 of the CA 2013 or section 560 of CA 1956.

44 Standards issued but not yet effective

The Ministry of Corporate Affairs has vide notification dated March 23, 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective April 1, 2022.

i. Ind AS 16, Property, Plant and Equipment

Proceeds before intended use of property, plant and equipment.

The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).

ii. Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts – Cost of fulfilling a contract

The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

iii. Ind AS 103, Business combinations

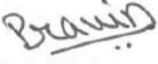
The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities.

iv. Ind AS 109, Financial Instruments

Fees included in the 10% test for derecognition of financial liabilities.

The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009


Pravin Rajani
Partner
Membership Number: 127460

Place: Pune
Date: May 20, 2022

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


Mrudul J. Bhatia
(Director)
DIN No:08991966


Madan Kumar K. Patil
(Director)
DIN No: 05149115


Ravinder S. Rana
(CFO)
PAN: AEMPR5503D


Lavneesh Bareja
(Company Secretary)
PAN: CKOPB7017C

May 20, 2022