

Cummins Sales & Service Private Limited

**Financial Statements as on
31st March, 2017**

Independent Auditor's Report

To the Members of Cummins Sales & Service Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Cummins Sales & Service Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), 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. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2017, and its profits (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2016 and 31 March 2015 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 13 May 2016 and 21 August 2015 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;

- e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 10 May 2017 as per Annexure B expressed unmodified opinion;
- 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 litigation 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;
 - iv. the company, as detailed in Note 29 to the financial statements, has made requisite disclosures in these financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the company.

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

per **Anamitra Das**
Partner
Membership No.: 062191

Place: Gurgaon
Date: 10 May 2017

Annexure A to the Independent Auditor's Report of even date to the members of Cummins Sales & Service Private Limited, on the financial statements for the year ended 31 March 2017

Annexure A

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of 3 years, 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) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year except for goods in transit. No material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

Annexure A to the Independent Auditor's Report of even date to the members of Cummins Sales & Service Private Limited, on the financial statements for the year ended 31 March 2017

- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

per **Anamitra Das**
Partner
Membership No.: 062191

Place: Gurgaon
Date: 10 May 2017

Cummins Sales & Service Private Limited
Balance sheet as at March 31, 2017

₹Lacs

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	144.30	136.79	150.75
Capital work-in-progress	3	12.35	-	-
Other intangible assets	3	14.68	22.65	21.58
Financial assets				
Security Deposits	4	45.66	25.85	31.59
Non-current tax assets (net)	5	11.31	50.27	130.89
Deferred tax assets (net)	6	120.39	96.68	91.57
		348.69	332.24	426.38
Current assets				
Inventories	7	955.80	860.35	988.49
Financial assets				
Trade receivables	8	1,055.74	1,002.39	1,023.64
Cash and cash equivalents	9	18.38	22.62	15.82
Security Deposits	10	47.24	45.73	58.11
Other financial assets	11	3.16	3.51	2.61
Other current assets	12	41.35	25.18	23.32
		2,121.67	1,959.78	2,111.99
		2,470.36	2,292.02	2,538.37
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	1,200.00	1,200.00	1,200.00
Other equity	14	3.06	(114.99)	(154.09)
		1,203.06	1,085.01	1,045.91
Non-current liabilities				
Provisions	15	129.25	119.78	96.03
		129.25	119.78	96.03
Current liabilities				
Financial liabilities				
Borrowings	16	135.68	300.58	548.01
Trade payables	17	303.81	215.62	434.59
Other financial liabilities	18	103.59	83.92	66.85
Other current liabilities	19	507.91	420.81	345.83
Provisions	15	46.05	29.59	1.15
Current tax liabilities (net)	20	41.01	36.71	-
		1,138.05	1,087.23	1,396.43
		2,470.36	2,292.02	2,538.37

Summary of significant accounting policies

2

Notes 1 to 39 forms an integral part of the financial statements

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

For Walker Chandiok & Co LLP
Chartered Accountants

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

per **Anamitra Das**
Partner

Rajiv Batra
(Director)
DIN No:00082866

Madankumar Patil
(Director)
DIN No: 05149115

Anilkumar Moosad
(Company Secretary)
Membership No. A37771

Ravinder Rana
(CFO)

Place: Gurgaon
Date: 10 May 2017

Cummins Sales & Service Private Limited

Statement of profit and loss (including other comprehensive income) for the year ended March 31, 2017

₹Lacs

Particulars	Note No.	Year Ended March 31, 2017	Year Ended March 31, 2016
Revenue from operations	21	7,922.34	7,514.07
Other income	22	23.80	27.49
Total income		7,946.14	7,541.56
Expenses			
Purchase of traded goods	23	5,702.46	5,169.20
Change in inventories of traded goods	24	(95.45)	128.14
Employee benefit expenses	25	1,190.24	1,053.73
Finance costs	26	29.00	53.51
Depreciation and amortisation expense	3	68.69	70.07
Other expenses	27	887.33	972.04
Total expenses		7,782.27	7,446.69
Profit before tax		163.87	94.87
Tax expense			
Net current tax		89.09	75.39
Deferred tax	6	(30.18)	(9.91)
Total tax expense		58.91	65.48
Profit for the year		104.96	29.39
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods :			
Remeasurement gain on defined benefit plans		19.56	14.51
Income tax effect		(6.47)	(4.80)
Net other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods		13.09	9.71
Other comprehensive income/(expense) for the year, net of tax		13.09	9.71
Total comprehensive income/(expense) for the year, net of tax		118.05	39.10
Earnings per equity share (for continuing operation):			
Basic and diluted earnings per share (₹)	28	0.87	0.24
(Nominal value per share ₹0)			

Summary of significant accounting policies

2

Notes 1 to 39 forms an integral part of these financial statements

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

For Walker Chandiook & Co LLP
Chartered Accountants

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

per **Anamitra Das**
Partner

Rajiv Batra
(Director)
DIN No:00082866

Madankumar Patil
(Director)
DIN No: 05149115

Anilkumar Moosad
(Company Secretary)
Membership No. A37771

Ravinder Rana
(CFO)

Place: Gurgaon
Date: 10 May 2017

Cummins Sales & Service Private Limited
Statement of changes in equity for the year ended March 31, 2017

A) Equity share capital

□Lacs

As at April 1, 2015	1,200.00
Changes in equity share capital	-
As at March 31, 2016	1,200.00
Changes in equity share capital	-
As at March 31, 2017	1,200.00

B) Other Equity

□Lacs

	Reserves and surplus	Other comprehensive income	Total
	Retained earnings	Remeasurement gain on defined benefit plans	
Balance as at April 1, 2015	(154.09)	-	(154.09)
Profit for the period	29.39	-	29.39
Other comprehensive income	-	14.51	14.51
Income tax effect	-	(4.80)	(4.80)
Balance as at March 31, 2016	(124.70)	-	(114.99)
Profit for the period	104.96	-	104.96
Other comprehensive income	-	19.56	19.56
Income tax effect	-	(6.47)	(6.47)
Balance as at March 31, 2017	(19.74)	-	3.06

The above statement of changes in equity should be read in conjunction with the accompanying notes.

For Walker Chandiook & Co LLP
Chartered Accountants

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

per **Anamitra Das**
Partner

Rajiv Batra
(Director)
DIN No:00082866

Madankumar Patil
(Director)
DIN No: 05149115

Anilkumar Moosad
(Company Secretary)
Membership No. A37771

Ravinder Rana
(CFO)

Place: Gurgaon
Date: 10 May 2017

Cummins Sales & Service Private Limited
Cash flow statement for the year ended March 31, 2017

	₹Lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
A Cash flow from operating activities		
Profit before tax (including OCI)	183.42	109.38
Adjustments to reconcile profit before tax to net cash flows		
Depreciation of property, plant & equipment	68.69	70.07
Interest expense	29.00	53.51
Loss of disposal of property, plant & equipment	1.63	6.70
Provision for impairment of property, plant & equipment	-	2.75
Bad debts written off	6.72	97.88
Other income	(23.80)	(27.49)
Provision for doubtful advances	0.30	1.04
Provision for doubtful debts	30.30	-
Operating profit before working capital changes	296.26	313.84
Working capital adjustments:		
(Decrease)/increase in trade receivables	(73.63)	(58.79)
(Decrease)/increase in inventories	(95.45)	128.14
(Decrease)/increase in current loans	(1.51)	12.38
(Decrease)/increase in non-current loans	(19.81)	5.74
(Decrease)/increase in other current financial assets	0.48	(1.10)
(Decrease)/increase in income tax asset	(89.38)	(46.82)
(Decrease)/increase in other current assets	(16.18)	(1.86)
Decrease/(increase) in trade payables	88.18	(218.97)
Decrease/(increase) in employee payables	19.68	17.07
Decrease/(increase) in other current liabilities	87.10	74.98
Decrease/(increase) in non-current provisions	9.47	23.75
Decrease/(increase) in current provisions	20.46	65.15
Net cash flows from operating activities	225.67	313.49
Direct taxes refunded	38.99	53.22
Net cash flows from operating activities	264.67	366.71
B Cash flow from investing activities		
Purchase of property, plant and equipment	(82.76)	(69.76)
Proceeds from sale of property, plant and equipment	0.55	1.35
Interest received	7.20	9.45
Net cash flows used in investing activities	(75.01)	(58.96)
C Cash flow from financing activities		
Proceeds from borrowings	(164.90)	(247.42)
Interest paid	(29.00)	(53.52)
Net cash flow used in financing activities	(193.90)	(300.94)
Net increase in cash & cash equivalents	(4.24)	6.81
Cash & cash equivalents at the beginning of the year	22.62	15.81
Cash & cash equivalent at the year end	18.38	22.62
Components of cash and cash equivalents:		
Cash on hand	2.38	2.04
Cheques/drafts on hand	14.58	10.49
Balances with banks in current account	1.42	10.09
	18.38	22.62

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

For Walker Chandio & Co LLP
Chartered Accountants

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

per **Anamitra Das**
Partner

Rajiv Batra
(Director)
DIN No:00082866

Madankumar Patil
(Director)
DIN No: 05149115

Anilkumar Moosad
(Company Secretary)
Membership No. A37771

Ravinder Rana
(CFO)

Place: Gurgaon
Date: 10 May 2017

Cummins Sales & Service Private Limited

Significant accounting policies and notes to financial statements for the year ended March 31, 2017

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.

For all the periods up to and including the year ended March 31, 2016 the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements are the first financial statements of the Company under Ind AS. Refer note 38 for information on how the transition from previous GAAP to Ind AS has affected Company's financial position, financial performance and cash flows.

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.

Cummins Sales & Service Private Limited

Significant accounting policies and notes to financial statements for the year ended March 31, 2017

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 years
Office equipment	5 years
Vehicles	4/8 years

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

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

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

- iii) Transition to Ind AS

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

d) Inventories

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

e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable inclusive of excise duty, taking into account contractually defined terms of payment excluding taxes or duties collected on behalf of the government.

i) Sale of goods

Sales are recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract. Revenue is measured at fair value of the consideration received or receivable, net off sales tax/ value added tax, trade discounts, returns and allowances, price difference adjustments, volume discounts, liquidated damages and special discounts passed on to customers. The Company basis its estimates on historical results taking into consideration type of customer, type of transaction and specifics of each arrangement.

ii) Service income

Revenue is recognised as and when the services have been rendered as per the terms of agreements with customers, and no significant uncertainty exists regarding the amount of the consideration from the sale of services. The Company defers unearned revenue, including payments received in advance, until the related subscription period is complete as per the terms of the agreement with the customers.

iii) 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.

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 non management employees which is administered by Regional Provident Fund Commissioner. In case of provident fund for non management employees, the Company has no further obligation beyond making the contributions. 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. In case of provident fund for management employees, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's contributions and such shortfall are charged to the statement of profit and loss as and when incurred.

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 beginning 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.

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 plus, in 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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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.

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 35 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 cost. Fees of recurring nature are directly recognised in profit or loss as finance 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.

(This space has been intentionally left blank)

Cummins Sales & Service Private Limited
Significant accounting policies and notes to financial statements for the year ended March 31, 2017

3. Property, plant and equipment and intangible assets

Particulars	₹Lacs									
	Gross block (at cost)			As at March 31, 2017	As at April 1, 2016	Depreciation and Amortisation		As at March 31, 2017	Net block	
	As at April 1, 2016	Additions	Deductions / Write-off			For the year	Deductions / Write-off		As at March 31, 2017	As at March 31, 2017
Tangible Assets:										
Leasehold Improvements	83.93	12.67	-	96.60	59.23	11.82	-	71.05	25.55	24.70
Tools	40.18	24.11	-	64.29	34.92	13.65	-	48.57	15.72	5.26
Computers	54.63	13.41	-	68.04	42.54	6.64	-	49.18	18.86	12.09
Plant and machinery	12.34	-	-	12.34	2.37	1.33	-	3.70	8.64	9.97
Office Equipment	39.04	14.67	-	53.71	20.95	7.24	-	28.19	25.52	18.09
Furniture and fittings	60.68	0.30	-	60.98	19.80	9.01	-	28.81	32.17	40.88
Vehicles	31.97	-	(4.14)	27.83	6.17	5.78	(1.96)	9.99	17.84	25.80
	322.77	65.16	(4.14)	383.79	185.98	55.47	(1.96)	239.49	144.30	136.79
Intangible Assets:										
Software	68.03	5.25	-	73.28	45.38	13.22	-	58.60	14.68	22.65
	68.03	5.25	-	73.28	45.38	13.22	-	58.60	14.68	22.65

Note: The Company has incurred capital work in progress of Rs 12.35 lac for manpower utilised in ERP implementation.

3. Property, plant and equipment and intangible assets (Contd.)

Particulars	₹Lacs									
	Gross block (at cost)			As at March 31, 2016	As at April 1, 2015	Depreciation and Amortisation		As at March 31, 2016	Net block	
	As at April 1, 2015	Additions	Deductions / Write-off			For the year	Deductions / Write-off		As at March 31, 2016	As at March 31, 2016
Tangible Assets:										
Leasehold Improvements	75.89	8.14	(0.10)	83.93	43.32	15.91	-	59.23	24.70	32.57
Tools	40.18	4.68	(4.68)	40.18	35.71	3.42	(4.21)	34.92	5.26	4.47
Computers	47.06	7.87	(0.30)	54.63	31.70	10.84	-	42.54	12.09	15.36
Plant and machinery	17.22	-	(4.88)	12.34	2.17	1.17	(0.97)	2.37	9.97	15.05
Office Equipment	31.00	9.34	(1.30)	39.04	10.57	10.38	-	20.95	18.09	20.43
Furniture and fittings	59.33	2.14	(0.79)	60.68	12.90	6.90	-	19.80	40.88	46.43
Vehicles	21.09	20.40	(9.52)	31.97	4.65	5.33	(3.81)	6.17	25.80	16.44
	291.77	52.57	(21.57)	322.77	141.02	53.95	(8.99)	185.98	136.79	150.75
Intangible Assets:										
Software	50.84	17.19	-	68.03	29.26	16.12	-	45.38	22.65	21.58
	50.84	17.19	-	68.03	29.26	16.12	-	45.38	22.65	21.58

Cummins Sales & Service Private Limited
Significant accounting policies and notes to financial statements for the year ended March 31, 2017
4. Non-Current Security Deposits

	₹Lacs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Security deposits*	45.66	25.85	31.59
Unsecured, considered doubtful			
Security deposits*	2.00	2.00	2.00
Less: Provision for doubtful loans	(2.00)	(2.00)	(2.00)
	45.66	25.85	31.59

* The security deposits are measured at amortised cost.

5. Non-current tax assets (net)

	₹Lacs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance income-tax (net of provisions: March 31, 2017: ₹9.08 Lacs; March 31, 2016: ₹7.39 Lacs; April 1, 2015: nil)	11.31	50.27	130.89
	11.31	50.27	130.89

6. Deferred tax
A Deferred tax assets (net)

	₹Lacs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax asset			
Provision for doubtful debts	15.96	7.17	9.87
Provision for employee benefits	45.99	40.01	31.53
Depreciation	23.72	15.72	5.33
Preliminary expenses written-off	-	-	0.58
Other timing differences	34.72	33.78	26.06
Unabsorbed depreciation	-	-	18.20
	120.39	96.68	91.57

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

Reconciliation of deferred tax assets (net)

	₹Lacs	
	As at March 31, 2017	As at March 31, 2016
Provision for doubtful debts		
Opening balances		7.17
Tax income/ (expense) during the year recognised in profit and loss	8.79	(2.70)
Closing balances	15.96	7.17
Provision for employee benefits		
Opening balances		40.01
Tax income/ (expense) during the year recognised in profit and loss	12.45	13.27
Tax income/ (expense) during the year recognised in OCI	(6.47)	(4.80)
Closing balances	45.99	40.01
Depreciation		
Opening balances		15.72
Tax income/ (expense) during the year recognised in profit and loss	8.00	10.40
Closing balances	23.72	15.72
Preliminary expenses written-off		
Opening balances		0.58
Tax income/ (expense) during the year recognised in profit and loss		(0.58)
Closing balances		-
Other timing differences		
Opening balances		33.78
Tax income/ (expense) during the year recognised in profit and loss	0.94	7.72
Closing balances	34.72	33.78
Unabsorbed depreciation		
Opening balances		18.20
Tax income/ (expense) during the year recognised in profit and loss		(18.20)
Closing balances		-
Closing balances	120.39	96.68

Cummins Sales & Service Private Limited

Significant accounting policies and notes to financial statements for the year ended March 31, 2017

6. Deferred tax (Contd.)

B The major components of income tax expenses for the years ended March 31, 2017 and March 31, 2016 are:

	₹Lacs	
	As at March 31, 2017	As at March 31, 2016
Statement of profit and loss:		
Current income tax		
Current income tax charge	89.09	75.39
Deferred tax		
Relating of originating and reversal of temporary differences	(30.18)	(9.91)
Income tax expenses reported in the statement of profit and loss	58.91	65.48
Other comprehensive income:		
Deferred tax related to items recognised in OCI during the year:	(6.47)	(4.80)
Net loss/ (gain) on remeasurments of defined benefit plans	(6.47)	(4.80)

C **Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016**

	₹Lacs	
	As at March 31, 2017	As at March 31, 2016
Accounting profit before tax	163.87	94.87
At India's statutory Income tax rate of 33.063% (March 31, 2016: 33.063 %)	54.18	31.37
Adjustment in respect of income tax for adopting ICDS	4.73	-
Disallowed expense	-	34.11
Income tax expenses reported in the statement of profit and loss	58.91	65.48

7. Inventories

	₹Lacs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Traded goods [including stock-in-transit ₹32.51 lacs; (March 31, 2016: ₹12.95 lacs; April 1, 2015: ₹73.25 lacs)]	955.80	860.35	988.49
	955.80	860.35	988.49

Note:

- i) During the year ended March 31, 2017, ₹3.21 lacs (March 31, 2016: ₹8.03 lacs ; April 1, 2015: ₹22.21 lacs) was recognised as an expense for inventories carried at net realisable value.
- ii) During the year ended March 31, 2017, ₹04.99 lacs (March 31, 2016: ₹02.16 lacs ; April 1, 2015: ₹0.31 lacs) was recognised as an expense for excess and obsolete inventories.
- iii) Inventory is pledged as security against limit sanctioned by HDFC bank.

(This space has been intentionally left blank)

Cummins Sales & Service Private Limited

Significant accounting policies and notes to financial statements for the year ended March 31, 2017

8. Trade receivables

	₹Lacs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables	927.26	989.52	1,023.64
Trade receivables from related parties	128.48	12.87	-
	1,055.74	1,002.39	1,023.64

Break up for security details

Unsecured, considered good	1,055.74	1,002.39	1,023.64
Unsecured, considered doubtful	48.28	21.68	30.42
	1,104.02	1,024.07	1,054.06
Less: Provision for doubtful debts	(48.28)	(21.68)	(30.42)
	1,055.74	1,002.39	1,023.64

Reconciliation of provision for doubtful debts

	₹Lacs	
	As at March 31, 2017	As at March 31, 2016
Opening provision	21.68	30.42
Add: Additions	33.32	97.88
Less: Write-offs*	(6.72)	(106.62)
Closing provision	48.28	21.68

* Total bad debts written-off during the year ended March 31, 2016 was ₹106.62 lacs, out of which ₹8.74 Lacs was written-off from opening provision.

(This space has been intentionally left blank)

Cummins Sales & Service Private Limited

Significant accounting policies and notes to financial statements for the year ended March 31, 2017

9. Cash and cash equivalents

	₹ Lacs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash on hand	2.38	2.04	1.39
Cheque on hand	14.58	10.49	8.01
Balance with banks in current accounts	1.42	10.09	6.41
	18.38	22.62	15.82

10. Current Security Deposits

	₹ Lacs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Security deposits*	46.65	45.27	57.45
Interest accrued on security deposits	0.59	0.46	0.66
Unsecured, considered doubtful			
Security deposits*	8.20	4.20	1.85
Less: Provision for doubtful loans	(8.20)	(4.20)	(1.85)
	47.24	45.73	58.11

* The security deposits are measured at amortised cost.

Reconciliation of provision for doubtful loans

	₹ Lacs	
	As at March 31, 2017	As at March 31, 2016
Opening provision	4.20	1.85
Add: Additions	4.00	2.35
Closing provision	8.20	4.20

11. Other current financial assets

	₹ Lacs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Employee advances	1.36	1.71	1.57
Others	1.80	1.80	1.04
Unsecured, considered doubtful			
Employee advances	0.71	0.77	0.72
Less: Provision for doubtful employee advances	(0.71)	(0.77)	(0.72)
	3.16	3.51	2.61

Reconciliation of provision for doubtful employee advances

	₹ Lacs	
	As at March 31, 2017	As at March 31, 2016
Opening provision	0.77	0.72
Add: Additions	-	0.05
Less: Write-offs	(0.06)	-
Closing provision	0.71	0.77

12. Other current assets

	₹ Lacs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Balances with statutory/government authorities	18.26	5.97	3.60
Prepaid expenses	19.94	16.54	13.64
Advance to suppliers	3.15	2.67	6.08
Unsecured, considered doubtful			
Advance to suppliers	0.81	1.00	2.36
Less: Provision for doubtful advance to suppliers	(0.81)	(1.00)	(2.36)
	41.35	25.18	23.32

Cummins Sales & Service Private Limited
Significant accounting policies and notes to financial statements for the year ended March 31, 2017

13. Share capital	₹Lacs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised 12,000,000 equity shares of ₹10 each	1,200.00	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	1,200.00	1,200.00

a. Reconciliation of number of shares

Equity shares	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos.	₹Lacs	Nos.	₹Lacs	Nos.	₹Lacs
Balance as at the beginning of the year	12,000,000	1,200.00	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	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, 2016: 11,999,990) shares of ₹10 each are held by the Holding Company, Cummins India Limited and as at April 1, 2015, shares were held by JV partners Cummins India Limited and Svam Power Plants Private Limited in ratio of 50:50. Of the remaining 10 equity shares, 5 equity shares each are held by Mr. Rajiv Batra and Mr. K. Venkata Ramana, whose beneficial ownership is with the Holding Company, Cummins India Limited.

d. No shares have been allotted as fully paid-up shares by way of bonus issues nor has any bought back of shares happened during the period of five years immediately preceding the reporting date. During the year ended 31 March 2012, the Company had issued 5,974,980 equity shares to SVAM Power Plants Private Limited, pursuant to joint venture contract dated 11 February 2012 without payment being received in cash. These shares have been acquired by Cummins India Limited as part of the re-organisation.

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

Equity shares of ₹10 each fully paid	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos.	%	Nos.	%	Nos.	%
Cummins India Limited	11,999,990	100.00%	11,999,990	100.00%	5,999,990	50.00%
Svam Power Plants Private Limited	-	-	-	-	5,999,980	50.00%

14. Other equity

	₹Lacs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening balance	(114.99)	(154.09)	(246.63)
Profit for the year	104.96	29.39	92.54
Other comprehensive income for the year	13.09	9.71	-
Closing balance/(deficit)	3.06	(114.99)	(154.09)

15. Provisions

	₹Lacs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for post retirement benefit and leave entitlement (Refer note 32)	175.30	149.37	97.18
	175.30	149.37	97.18
Current provisions	46.05	29.59	1.15
Non-current provisions	129.25	119.78	96.03
	175.30	149.37	97.18

Cummins Sales & Service Private Limited
Significant accounting policies and notes to financial statements for the year ended March 31, 2017
16. Borrowings

	₹ Lacs		
	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
Loans repayable on demand	135.68	300.58	548.01
	135.68	300.58	548.01

Cash credit and demand loan availed from HDFC bank for working capital financing, being repayable on demand, against hypothecation of stocks and book debts (ageing less than equal to 90 days). Rate of interest is calculated on 365 days basis ranges between 8% to 10% per annum.

17. Trade payables

	₹ Lacs		
	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables	129.53	281.56	217.49
Trade payables to related party	174.28	(65.94)	217.10
	303.81	215.62	434.59

- a. The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro, small and medium enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2017 has been made in the financials statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMEDA is not expected to be material.
- b. 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 33.

18. Other financial liabilities

	₹ Lacs		
	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
Employee payables			
Salaries, wages and bonus payable	103.59	83.92	66.85
	103.59	83.92	66.85

19. Other current liabilities

	₹ Lacs		
	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
Statutory dues including tax deducted at source	63.79	64.73	41.70
Unearned revenue	244.91	216.86	179.56
Advances from customers	199.21	139.22	124.57
	507.91	420.81	345.83

20. Current tax liabilities (net)

	₹ Lacs		
	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
Provision for income tax (Net of advance tax: March 31, 2017: 11.50 Lacs; March 31, 2016: ₹38.68 Lacs; April 1, 2015: nil)	41.01	36.71	-
	41.01	36.71	-

(This space has been intentionally left blank)

Cummins Sales & Service Private Limited

Significant accounting policies and notes to financial statements for the year ended March 31, 2017

21. Revenue from operations

	₹Lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Sale of traded goods*	6,412.81	6,058.31
Sale of services	1,509.53	1,451.33
Other operating revenue	-	4.43
	7,922.34	7,514.07

* 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.

22. Other income

	₹Lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Interest income on security deposits	4.54	4.41
Interest on income tax refunds	2.53	5.24
Miscellaneous income	16.73	17.84
	23.80	27.49

23. Purchase of traded goods

	₹Lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Purchase of traded goods - spare parts and consumables*	5,587.42	5,059.61
Direct expenses - repair charges for job works	115.04	109.59
	5,702.46	5,169.20

* 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.

24. Change in inventories of traded goods

	₹Lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Inventories at the beginning of the year Traded goods	860.35	988.49
Inventories at the end of the year Traded goods	(955.80)	(860.35)
	(95.45)	128.14

(This space has been intentionally left blank)

Cummins Sales & Service Private Limited

Significant accounting policies and notes to financial statements for the year ended March 31, 2017

25. Employee benefit expenses

	₹Lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus	1,071.02	953.75
Contribution to provident and other funds	83.70	68.34
Staff welfare expenses	35.52	31.64
	1,190.24	1,053.73

26. Finance costs

	₹Lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Interest cost	25.42	51.85
Bank charges	3.58	1.66
	29.00	53.51

27. Other expenses

	₹Lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Communication expenses	44.88	46.06
Sales promotion and advertisement	1.71	2.65
Legal and professional fees	197.83	179.51
Travelling & conveyance	147.55	141.89
Repairs and maintenance		
-Buildings	2.33	3.58
-Others	20.04	18.63
Provision for doubtful debts and advances	30.59	1.04
Power and fuel consumed	22.19	21.01
Printing and stationery	7.96	9.92
Rent	115.65	111.02
Service charges for business support	40.78	35.84
Insurance	19.66	17.17
Freight outward	59.04	57.67
Wages to casual labour	69.65	123.73
Contracted security	36.00	38.87
Bad debts written off	6.72	97.88
Payment to auditors (refer details below)	9.58	10.52
Net loss on fixed assets sold	1.63	6.70
Miscellaneous expenses	53.54	48.35
	887.33	972.04

Payment to auditors

	₹Lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Statutory audit	7.75	7.75
Tax audit	1.25	1.25
Out of pocket expenses	0.58	1.52
	9.58	10.52

(This space has been intentionally left blank)

Cummins Sales & Service Private Limited**Significant accounting policies and notes to financial statements for the year ended March 31, 2017****28. 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, 2017	Year ended March 31, 2016
Profit for the year after taxation (₹Lacs)	104.96	29.39
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) (₹)	0.87	0.24

(This space has been intentionally left blank)

Cummins Sales & Service Private Limited
Significant Accounting Policies & Notes to Financial Statements for the year ended March 31, 2017

29. Specified bank notes (SBNs)

	SBNs	Other Denomination Notes	□Lacs Total
Closing cash in hand as on November 08, 2016	3.82	0.22	4.04
(+) Permitted receipts	-	16.43	16.43
(-) Permitted payments	-	(7.19)	(7.19)
(-) Amount deposited in banks	(3.82)	(8.05)	(11.87)
Closing cash in hand as on December 30, 2016	-	1.41	1.41

30. 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.

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 31.

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.

31. Contingent liabilities and commitments

	Year ended March 31, 2017	Year ended March 31, 2016	□Lacs
Bank guarantees	37.80	0.62	
Show cause notice of service tax	3.62	-	
	41.42	0.62	

Cummins Sales & Service Private Limited

Significant Accounting Policies & Notes to Financial Statements for the year ended March 31, 2017

32. 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, 2017	Year ended March 31, 2016
i)	Employees provident fund	59.45	53.94
ii)	Employees state insurance*	17.63	8.46

* This includes amount of ₹.55 Lac paid towards ESI demands pertaining to previous years in the current year.

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, 2017	Year ended March 31, 2016
i)	Current service cost	31.29	30.54
ii)	Interest cost	7.21	5.42
iii)	Actuarial (gains)/losses	(19.56)	(14.51)
		18.94	21.45

b. The amount recognised as other comprehensive income:

Sr. No.	Particulars	₹Lacs	
		Year ended March 31, 2017	Year ended March 31, 2016
i)	Actuarial (gains)/losses	(19.56)	(14.51)
		(19.56)	(14.51)

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, 2017	As at March 31, 2016
	Opening DBO	90.52	69.53
i)	Current Service Cost	31.29	30.54
ii)	Interest Cost	7.21	5.42
iii)	Actuarial (Gains) / Losses	(19.56)	(14.51)
iv)	Benefits Paid	(0.70)	(0.46)
Closing DBO		108.76	90.52
Current DBO		6.95	0.20
Non-current DBO		101.81	90.32

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

Sr. No.	Particulars	₹Lacs	
		As at March 31, 2017	As at March 31, 2016
i)	Contribution to gratuity fund	108.76	90.52
		108.76	90.52

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

Sr. No.	Particulars	Year ended	
		March 31, 2017	March 31, 2016
i)	Discount rate	7.10%	8%
ii)	Salary escalation rate	9.00%	10.00%
iii)	Withdrawal rate	8.00%	3.00%
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 & Notes to Financial Statements for the year ended March 31, 2017

32. Employee benefit plans (Contd.)

f. Experience adjustment history:

Sr. No.	Particulars	₹Lacs				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
i)	Defined benefit obligation at end of the period	(108.76)	(90.52)	(69.53)	(34.43)	(16.73)
ii)	Funded status	(108.76)	(90.52)	(69.53)	(34.43)	(16.73)
iii)	Experience Gain/(Loss) adjustments on plan Liabilities	4.01	11.57	3.71	(1.36)	(2.33)
iv)	Actuarial Gain/(Loss) due to Change on assumptions	15.55	2.94	(14.05)	6.20	(1.39)

g. A quantitative sensitivity analysis for significant assumption as at March 31, 2017 is as shown below:

Sr. No.	Assumptions	₹Lacs					
		Year ended March 31, 2017		Year ended March 31, 2017		Year ended March 31, 2017	
		Discount rate		Future salary increase		Withdrawal rate	
	Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
i)	Gratuity fund	(5.12)	5.56	5.44	(5.06)	(7.84)	14.00

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.

(This space has been intentionally left blank)

Cummins Sales & Service Private Limited
Significant Accounting Policies & Notes to Financial Statements for the year ended March 31, 2017

33. 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
Svam Power Plants Private Limited	Joint Venture Partner(ceased wef October 1, 2015)
Mr. Rajiv Batra	Key management personnel
Ms. Bhavna Bindra	Key management personnel
Mr. Madankumar Kotragauda Patil	Key management personnel
Mr. Ritesh Dungarwal	Key management personnel (resigned on January 1, 2017)
Mr. Anmol Batra	Key management personnel (joined on January 1, 2017)

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, 2017	Year ended March 31, 2016
Cummins India Limited	Purchase of genset spare parts	3,844.81	3,561.56
	Service charges for business support	41.66	40.88
	Professional charges (refer note (i) below)	177.01	141.89
	Training expenses	2.13	1.53
	Software charges	15.51	15.57
	Others	3.42	0.88
	Parts Sale	1,141.24	1,210.78
	Service Sale	392.22	445.30
Valvoline Cummins Limited	Purchase of oil and lubricants	1,343.17	1,626.17
	Service Sale	8.29	4.47
Cummins Technologies India Private Limited, CBS	Professional Charges	2.56	0.70
	Others	0.27	-
Cummins Technologies India Private Limited	Service Sale	0.12	0.22
	Parts Sale	0.04	0.30
	Others	0.88	-
Cummins Inc.	Purchase of software licenses	1.69	1.36
SVAM Power Plants Private Limited	Purchase of spare parts	-	13.61

c) Outstanding balances

Particulars	Name of the Party	₹Lacs		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cummins Technologies India Private Limited, CBS	Trade payable	0.70	0.36	-
Cummins India Limited	Trade payable	126.72	(97.09)	221.78
Valvoline Cummins Private Limited	Trade payable	46.86	30.79	(4.68)
		174.28	(65.94)	217.10
Cummins India Limited	Trade receivable	127.42	12.64	-
Cummins Technologies India Private Limited	Trade receivable	1.06	0.23	-
		128.48	12.87	-

- i) This Includes amount of ₹1.59 Lac paid towards managerial remuneration for Mr. Ritesh Dungarwal and Mr. Anmol Batra.
- ii) Terms and conditions of transactions with related parties:
The sales to and purchases from related parties including services are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received from any related party receivables or payables. For the year ended March 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2016: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.
- iii) The information given above, has been reckoned on the basis of information available with the Company and relied upon by the auditors.

Cummins Sales & Service Private Limited
Significant Accounting Policies & Notes to Financial Statements for the year ended March 31, 2017

34. Segment information

The Company is of the view that it operates in one segment viz. 'Sale of Engine Spare Parts & related Services'.

35. Financial risk management

Financial risk factors:

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

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

a) Market risk

i) Interest rate risk

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

₹Lacs			
Interest rate	% change	Year ended March 31, 2017 Effect on Profit before tax	Year ended March 31, 2016 Effect on Profit before tax
9.85%	1% Increase		(5.26)
	1% Decrease		5.26
8.15%	1% Increase	(3.12)	
	1% Decrease	3.12	

b) Credit risk

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

	₹Lacs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current financial assets			
Loans	45.66	25.85	31.59
Current financial assets			
Trade receivables	1,055.74	1,002.39	1,023.64
Cash and cash equivalents	18.38	22.62	15.82
Loans	47.24	45.73	58.11
Other financial assets	3.16	3.51	2.61
	1,170.18	1,100.11	1,131.77

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

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

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

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

c) Liquidity risk

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

	□Lacs				
March 31, 2017	On demand	Less than 3 months	3-12 months	1-5 years	>5 years
Borrowings	135.68				
Trade payables		303.81			
Other financial liabilities		103.59			
March 31, 2016	On demand	Less than 3 months	3-12 months	1-5 years	>5 years
Borrowings	300.58				
Trade payables		215.62			
Other financial liabilities		83.92			
April 1, 2015	On demand	Less than 3 months	3-12 months	1-5 years	>5 years
Borrowings	548.01				
Trade payables		434.59			
Other financial liabilities		66.85			

d) Capital Management

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

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

	□Lacs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings	135.68	300.58	548.01
Less: Cash and cash equivalents	(18.38)	(22.62)	(15.81)
Net Debt	117.30	277.96	532.20
Equity and other equity	1,203.06	1,085.01	1,045.91
Equity+Net debt	1,320.36	1,362.97	1,578.11
Gearing ratio	9.75%	25.62%	50.88%

36. Expenditure in foreign currency (on accrual basis)

	□Lacs	
	Year ended March 31, 2017	Year ended March 31, 2016
Purchase of software licenses	1.69	1.36
	1.69	1.36

37. Domestic transfer pricing

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

Cummins Sales & Service Private Limited
Significant Accounting Policies & Notes to Financial Statements for the year ended March 31, 2017

38. First time adoption of IND AS

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with IND AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with Accounting standards notified under Section 133 of the Companies Act 2013, read together with para 7 of Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements that comply with IND AS applicable as at March 31, 2017, together with the comparative period data for the year ended March 31, 2016. In preparing the financial statements, the Company's opening Balance sheet was prepared as at April 1, 2015, the Company's date of transition to IND AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including Balance sheet as at April 1, 2015 and the financial statements for the year ended March 31, 2016.

IND AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IND AS as follows:

- i) IND AS 16: Deemed Cost: The Company has elected to continue with the carrying value of property, plant and equipment as recognized in financial statements as per Indian GAAP and regard those values as deemed cost on the date of transition.
- ii) IND AS 37 Estimates: The estimates as at April 1, 2015 and March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP.

I. Reconciliation of equity as at April 1, 2015 (date of transition to IND AS)

₹Lacs				
Balance Sheet	Note	Previous GAAP*	Adjustments	IND AS
Assets				
Non-current assets				
Property, plant and equipment		150.74	-	150.74
Capital work-in-progress		-	-	-
Other intangible assets		21.59	-	21.59
Financial assets				-
Loans		31.59	-	31.59
Non-current tax assets (net)		130.89	-	130.89
Deferred tax assets (net)	a	73.37	18.20	91.57
		408.18	18.20	426.38
Current Assets				
Inventories		988.49	-	988.49
Financial assets				
Trade receivables		1,023.64	-	1,023.64
Cash and cash equivalent		15.81	-	15.81
Loans		57.45	-	57.45
Other financial assets		3.27	-	3.27
Other current assets		23.31	-	23.31
		2,111.98	-	2,111.98
		2,520.16	18.20	2,538.36
Equity and liabilities				
Equity				
Equity share capital		1,200.00	-	1,200.00
Other equity	c	(172.29)	18.20	(154.09)
		1,027.71	18.20	1,045.91
Non-current liabilities				
Provisions		96.03	-	96.03
		96.03	-	96.03
Current liabilities				
Financial liabilities				
Borrowings		548.01	-	548.01
Trade payables		434.59	-	434.59
Other financial liabilities		66.85	-	66.85
Other current liabilities		345.83	-	345.83
Provisions		1.15	-	1.15
		1,396.42	-	1,396.42
		2,520.16	18.20	2,538.36

** The previous GAAP figures have been reclassified to conform to IND AS presentation requirements for the purposes of this note.*

Cummins Sales & Service Private Limited
Significant Accounting Policies & Notes to Financial Statements for the year ended March 31, 2017

38. First time adoption of IND AS (Contd.)

II. Reconciliation of balance sheet as at March 31, 2016

				₹Lacs
	Note	Previous GAAP*	Adjustments	IND AS
Assets				
Non-current assets				
Property, plant and equipment		136.79	-	136.79
Capital work-in-progress		-	-	-
Other intangible assets		22.65	-	22.65
Financial assets		-	-	-
Loans		25.85	-	25.85
Non-current tax assets (net)		50.27	-	50.27
Deferred tax assets (net)	a	96.68	-	96.68
		332.24	-	332.24
Current assets				
Inventories		860.35	-	860.35
Financial assets		-	-	-
Trade receivables		1,002.39	-	1,002.39
Cash and cash equivalents		22.62	-	22.62
Loans		45.73	-	45.73
Other financial assets		3.51	-	3.51
Other current assets		25.18	-	25.18
		1,959.78	-	1,959.78
		2,292.02	-	2,292.02
Equity and liabilities				
Equity				
Equity share capital		1,200.00	-	1,200.00
Other equity		(124.70)	9.71	(114.99)
		1,075.30	9.71	1,085.01
Non-current liabilities				
Provisions		119.78	-	119.78
		119.78	-	119.78
Current liabilities				
Financial liabilities				
Borrowings		300.58	-	300.58
Trade payables		215.62	-	215.62
Other financial liabilities		83.92	-	83.92
Other current liabilities		420.81	-	420.81
Provisions		39.30	(9.71)	29.59
Current tax liabilities (net)		36.71	-	36.71
		1,096.94	(9.71)	1,087.23
		2,292.02	-	2,292.02

* The previous GAAP figures have been reclassified to conform to IND AS presentation requirements for the purposes of this note.

(This space has been intentionally left blank)

Cummins Sales & Service Private Limited
Significant Accounting Policies & Notes to Financial Statements for the year ended March 31, 2017

38. First time adoption of IND AS (Contd.)

III. Reconciliation of profit and loss for the year ended March 31, 2016

				₹Lacs
	Note	Previous GAAP*	Adjustments	IND AS
Revenue from operations		7,514.07	-	7,514.07
Other income		27.49	-	27.49
Total Revenue		7,541.56	-	7,541.56
Expenses				
Cost of materials consumed				
Purchase of traded goods		5,169.20	-	5,169.20
Change in inventories of traded goods		128.14	-	128.14
Employee benefit expenses		1,068.24	(14.51)	1,053.73
Finance costs	d	53.51	-	53.51
Depreciation and amortisation expense		70.06	-	70.06
Other expenses		972.04	-	972.04
Total expenses		7,461.19	(14.51)	7,446.68
Profit before tax		80.37	14.51	94.88
Tax expense				
Net current tax		75.39	-	75.39
Deferred tax	c	(23.31)	13.40	(9.91)
Total tax expense		52.08	13.40	65.48
Profit after tax		28.29	1.11	29.40
Other comprehensive income				
Items not to be reclassified to profit or loss in subsequent periods :				
Remeasurement gain on defined benefit plans		-	14.51	14.51
Income tax effect		-	(4.80)	(4.80)
		-	9.71	9.71
Total Comprehensive Income (PAT+OCI)		28.29	10.82	39.11

* The previous GAAP figures have been reclassified to conform to IND AS presentation requirements for the purposes of this note.

IV. Impact of IND AS adoption on Cash flow statement for the year ended March 31, 2016

				₹Lacs
		Previous GAAP*	Adjustments	IND AS
Net cash flow from operating activities		366.72	-	365.04
Net cash flow from investing activities		(58.96)	-	(58.96)
Net cash flow from financing activities		(300.93)	-	(300.93)
Net increase/(decrease) in cash and cash equivalents		6.82	-	6.82

(This space has been intentionally left blank)

Cummins Sales & Service Private Limited
Significant Accounting Policies & Notes to Financial Statements for the year ended March 31, 2017

38. First time adoption of IND AS (Contd.)

V. Notes to first time adoption

a) Deferred tax

Deferred tax have been recognised on the adjustments made on transition to IND AS.

b) Remeasurments of post- employment benefits obligations

Under IND AS, remeasurments ie actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of Statement of Profit and loss. Under Indian GAAP, these remeasurments were forming part of the Statement of Profit and loss for the year. As a result of this change, the profit for the year ended March 31, 2016 has decreased by INR 14.51 lacs. There is no impact on total equity.

c) Retained earnings

Retained earnings as at April 1, 2015 have been adjusted consequent to the above IND AS transition adjustments.

d) Other comprehensive income

Under IND AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit and loss but are shown in the Statement of profit and loss as 'other comprehensive income' includes remeasurments of defined benefit plans. The concept of other comprehensive income did not exists under Indian GAAP.

39. Previous year figures have been regrouped and reclassified, wherever necessary, to make them comparable with those of the current year.

For Walker Chandiok & Co LLP
Chartered Accountants

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

per **Anamitra Das**
Partner

Rajiv Batra
(Director)
DIN No:00082866

Madankumar Patil
(Director)
DIN No: 05149115

Anilkumar Moosad
(Company Secretary)
Membership No. A37771

Ravinder Rana
(CFO)

Place: Gurgaon
Date: 10 May 2017