

# Price Waterhouse & Co Chartered Accountants LLP

## Independent Auditor's Report

To the Members of Cummins Sales and service Private Ltd  
Report on the Audit of the financial statements

### Opinion

1. We have audited the accompanying financial statements of Cummins Sales and service Private Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



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Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E300009 (ICAI registration number before conversion was 304026E)

# Price Waterhouse & Co Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

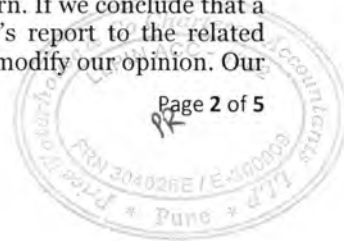
To the Members of Cummins Sales and Service Pvt Ltd  
Report on audit of the Financial Statements

### Responsibilities of management and those charged with governance for the financial statements

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our



# Price Waterhouse & Co Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

To the Members of Cummins Sales and Service Pvt Ltd  
Report on audit of the Financial Statements

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Other Matter

11. The financial statements of the Company for the year ended March 31, 2021, were audited by another firm of chartered accountants under the Act who, vide their report dated May 21, 2021, expressed an unmodified opinion on those financial statements.
- Our opinion is not modified in respect of above matter.

### Report on other legal and regulatory requirements

12. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
13. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The Balance Sheet, the Statement of Profit and Loss [(including other comprehensive income)], the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.



# Price Waterhouse & Co Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

To the Members of Cummins Sales and Service Pvt Ltd  
Report on audit of the Financial Statements

- (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company does not have any pending litigations which would impact its financial position.
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022.
  - iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
  - (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v) The Company has not declared or paid any dividend during the year.



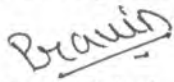
# Price Waterhouse & Co Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

To the Members of Cummins Sales and Service Pvt Ltd  
Report on audit of the Financial Statements

14. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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



Pravin Rajani  
Partner  
Membership Number : 127460  
UDIN: 22127460AJIGDV2513  
Pune  
May 20, 2022



# Price Waterhouse & Co Chartered Accountants LLP

## Annexure A to Independent Auditor's Report

Referred to in paragraph 13f of the Independent Auditor's Report of even date to the members of Cummins Sales and Service Private Ltd on the standalone\* financial statements for the year ended March 31, 2022  
Page 1 of 2

### Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Cummins Sales and service Private Ltd ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

### Meaning of Internal Financial Controls with reference to financial statements

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



# **Price Waterhouse & Co Chartered Accountants LLP**

## **Annexure A to Independent Auditor's Report**

Referred to in paragraph 13f of the Independent Auditor's Report of even date to the members of Cummins Sales and Service Private Ltd on the standalone\* financial statements for the year ended March 31, 2022  
Page 2 of 2

accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

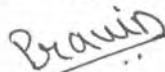
### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

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

### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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



Pravin Rajani  
Partner  
Membership Number : 127460  
UDIN: 22127460AJIGDV2513  
Pune  
May 20, 2022

# Price Waterhouse & Co Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Cummins Sales and service Private Ltd on the standalone financial statements as of and for the year ended March 31, 2022  
Page 1 of 4

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment  
  
(B) The Company is maintaining proper records showing full particulars of Intangible Assets
- (b) The Property, Plant, and Equipment of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, the Company does not own any immovable properties (Refer Note 3 to the financial statements). Therefore, the provisions of clause 3(i)(c) of the Order are not applicable to the Company.
- (d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.
- ii. (a) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) During the year, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions on the basis of security of current assets and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.
- iii. The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.





# Price Waterhouse & Co Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Cummins Sales and Service Private Ltd on the standalone financial statements as of and for the year ended March 31, 2022  
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- v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of Tax deducted at source under The Income Tax Act, 1956 though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including Goods and services tax, provident fund, employees' state insurance, sales tax, income tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Also, refer note 29(b) to the financial statements regarding management's assessment on certain matters relating to provident fund.  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.
- viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.  
(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.  
(c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.  
(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company  
(e) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year. Accordingly, the reporting under Clause 3(ix)(e) of the Order are not applicable to the Company.  
(f) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year. Accordingly, the reporting under Clause 3(ix)(f) of the Order are not applicable to the Company.



# **Price Waterhouse & Co Chartered Accountants LLP**

## **Annexure B to Independent Auditors' Report**

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Cummins Sales and Service Private Ltd on the standalone financial statements as of and for the year ended March 31, 2022  
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- x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act and, accordingly, to this extent, the reporting under clause 3(xiii) of the Order is not applicable to the Company.
- xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditor for the period under audit have been considered by us.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.



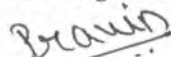
# Price Waterhouse & Co Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Cummins Sales and service Private Ltd on the standalone financial statements as of and for the year ended March 31, 2022  
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- (b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
  - (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
  - (d) Based on the information and explanations provided by the management of the Company, the Group does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 41 to the financial statements), ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.
- xx. The provisions of Sec 135 of the Companies Act 2013 are not applicable to the company. Hence, reporting under clause (xx) is not applicable
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

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



Pravin Rajani  
Partner

Membership Number: 127460  
UDIN: 22127460AJIGDV2513  
Place: Pune  
May 20, 2022

**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
<b>ASSETS</b>			
<b>Non-current assets</b>			
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
		<b>937.98</b>	<b>826.14</b>
<b>Current assets</b>			
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
		<b>3,344.67</b>	<b>2,977.36</b>
<b>Total</b>		<b>4,282.65</b>	<b>3,803.50</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	1,200.00	1,200.00
Other equity	14	790.24	684.62
		<b>1,990.24</b>	<b>1,884.62</b>
<b>Non-current liabilities</b>			
Provisions	15	323.64	296.21
<b>Non-current financial liabilities</b>			
Lease liability	36	275.58	144.23
		<b>599.22</b>	<b>440.44</b>
<b>Current liabilities</b>			
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
		<b>1,693.19</b>	<b>1,478.44</b>
<b>Total</b>		<b>4,282.65</b>	<b>3,803.50</b>

Summary of significant accounting policies and other explanatory information.

1-44

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**

₹ Lacs			
Particulars	Note No.	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
<b>Total income</b>		<b>10,184.97</b>	<b>8,703.52</b>
<b>Expenses</b>			
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
<b>Total expenses</b>		<b>10,059.15</b>	<b>8,603.69</b>
<b>Profit before tax</b>		<b>125.82</b>	<b>99.83</b>
<b>Tax expense</b>			
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)
<b>Total tax expense</b>		<b>34.04</b>	<b>(2.16)</b>
<b>Profit for the year</b>		<b>91.78</b>	<b>101.99</b>
<b>Other comprehensive income</b>			
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)
<b>Net other comprehensive Income/(loss) not to be reclassified to profit or loss in subsequent years</b>		<b>13.84</b>	<b>31.98</b>
<b>Other comprehensive Income/(loss) for the year, net of tax</b>		<b>13.84</b>	<b>31.98</b>
<b>Total comprehensive Income for the year, net of tax</b>		<b>105.62</b>	<b>133.97</b>
<b>Earnings per equity share</b>			
Basic and diluted earnings per share (₹ )	27	0.76	0.85
(Nominal value per share ₹ 10)			

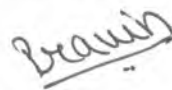
Summary of significant accounting policies and other explanatory information.

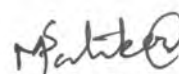
1-46

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

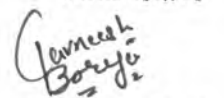
  
**Pravin Rajani**  
Partner  
Membership Number: 127460

  
**Mrudul J. Bhatia**  
(Director)  
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  
Cash flow statement for the year ended March 31,2022

	Year ended March 31,2022	Year ended March 31,2021
<b>A Cash flow from operating activities</b>		
Profit before tax	125.82	99.83
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
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)
<b>Operating profit before working capital changes</b>	<b>301.48</b>	<b>356.48</b>
<b>Working capital adjustments:</b>		
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
<b>Net cash flows from operating activities</b>	<b>538.14</b>	<b>157.94</b>
Direct taxes paid	(58.86)	(75.34)
<b>Net cash flows from operating activities</b>	<b>479.29</b>	<b>82.60</b>
<b>B Cash flow from investing activities</b>		
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
<b>Net cash (used in) investing activities</b>	<b>(3.94)</b>	<b>(7.40)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from borrowings (net)	(320.65)	67.07
Lease payments	(138.09)	(112.82)
Interest paid	(23.86)	(26.47)
<b>Net cash (used in) financing activities</b>	<b>(482.60)</b>	<b>(72.22)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(7.25)</b>	<b>2.98</b>
Cash and cash equivalents at the beginning of the year	7.98	5.00
<b>Cash and cash equivalent at the year end</b>	<b>0.73</b>	<b>7.98</b>
<b>Components of cash and cash equivalents:</b>		
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.

1-404

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

**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

**Ravinder S. Rana**  
(CFO)  
PAN: AEMPR5503D

May 20, 2022

**Madankumar K. Patil**  
(Director)  
DIN No: 05149115

**Lavneesh Bareja**  
(Company secretary)  
PAN: CKOPB7017C

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	
<b>Balance as at April 1, 2020</b>	<b>550.65</b>	<b>550.65</b>
Profit for the year	101.99	101.99
Other comprehensive income	42.73	42.73
Income tax effect on above	(10.75)	(10.75)
<b>Balance as at March 31, 2021</b>	<b>684.62</b>	<b>684.62</b>
Profit for the year	91.78	91.78
Other comprehensive income	18.49	18.49
Income tax effect on above	(4.65)	(4.65)
<b>Balance as at March 31,2022</b>	<b>790.24</b>	<b>790.24</b>

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	As at April 1, 2021	Gross block (at cost)		As at March 31, 2022	As at April 1, 2021	Depreciation and amortisation For the year	Deductions / Write-off	As at March 31, 2022	As at March 31, 2021	Net block As at March 31, 2021	As at March 31, 2022
		Additions	Deductions / Write-off								
<b>Tangible assets:</b>											
Buildings (ROU)	485.74	249.81	(74.44)	661.11	281.90	109.39	(64.58)	326.71	334.40	203.84	334.40
Leasehold Improvements	111.71	1.89	-	113.60	95.38	5.78	-	101.16	12.44	16.33	12.44
Tools	98.94	1.91	-	100.85	82.89	7.58	-	90.47	10.37	16.05	10.37
Computers	105.90	9.30	-	115.20	91.97	7.41	-	99.39	15.81	13.93	15.81
Plant and machinery	12.34	-	-	12.34	6.94	0.80	-	7.74	4.60	5.40	4.60
Office Equipment	71.33	2.47	-	73.80	57.86	6.60	-	64.46	9.34	13.47	9.34
Furniture and fittings	64.57	-	-	64.57	49.73	4.14	-	53.87	10.70	14.84	10.70
Vehicles	47.57	-	-	47.57	33.00	3.25	-	36.24	11.32	14.57	11.32
	<b>998.10</b>	<b>265.37</b>	<b>(74.44)</b>	<b>1,189.04</b>	<b>699.67</b>	<b>144.95</b>	<b>(64.58)</b>	<b>780.04</b>	<b>408.98</b>	<b>298.43</b>	<b>298.43</b>
<b>Intangible assets:</b>											
Software	138.75	-	-	138.75	122.16	17.45	-	139.62	19.14	36.59	19.14
	<b>158.75</b>	<b>-</b>	<b>-</b>	<b>158.75</b>	<b>122.16</b>	<b>17.45</b>	<b>-</b>	<b>139.62</b>	<b>19.14</b>	<b>36.59</b>	<b>36.59</b>

Particulars	As at April 1, 2020	Gross block (at cost)		As at March 31, 2021	As at April 1, 2020	Depreciation and amortisation For the year	Deductions / Write-off	As at March 31, 2021	As at March 31, 2021	Net block As at March 31, 2021	As at March 31, 2020
		Additions	Deductions / Write-off								
<b>Tangible assets:</b>											
Buildings (ROU)	647.50	-	(161.76)	485.74	263.07	99.34	(80.51)	281.90	203.84	384.43	384.43
Leasehold Improvements	111.71	-	-	111.71	86.92	8.46	-	95.38	16.33	24.79	24.79
Tools	90.33	8.96	(0.35)	98.94	72.10	11.14	(0.35)	82.89	16.05	18.23	18.23
Computers	99.13	6.77	-	105.90	80.71	11.26	-	91.97	13.93	18.42	18.42
Plant and machinery	12.34	-	-	12.34	6.10	0.84	-	6.94	5.40	6.24	6.24
Office Equipment	73.46	-	(2.13)	71.33	50.79	8.94	(1.87)	57.86	13.47	22.67	22.67
Furniture and fittings	64.57	-	-	64.57	43.03	6.70	-	49.73	14.84	21.54	21.54
Vehicles	47.57	-	-	47.57	29.71	3.29	-	33.00	14.57	17.85	17.85
	<b>1,146.61</b>	<b>15.73</b>	<b>(164.24)</b>	<b>998.10</b>	<b>632.43</b>	<b>149.97</b>	<b>(82.73)</b>	<b>699.67</b>	<b>298.43</b>	<b>514.17</b>	<b>514.17</b>
<b>Intangible assets:</b>											
Software	158.75	-	-	158.75	104.70	17.46	-	122.16	36.59	54.05	54.05
	<b>158.75</b>	<b>-</b>	<b>-</b>	<b>158.75</b>	<b>104.70</b>	<b>17.46</b>	<b>-</b>	<b>122.16</b>	<b>36.59</b>	<b>54.05</b>	<b>54.05</b>



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

4. Non-Current security deposits

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

\* The security deposits are measured at amortised cost.

5. Non-current tax assets (net)

	₹ Laacs	
	As at March 31, 2022	As at March 31, 2021
Advance income-tax	184.53	155.82
	<b>184.53</b>	<b>155.82</b>

6. Deferred tax

A Deferred tax assets (net)

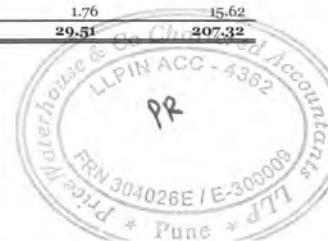
	₹ Laacs	
	As at March 31, 2022	As at March 31, 2021
<b>Deferred tax asset</b>		
Provision for doubtful debts	20.45	22.37
Provision for employee benefits	87.42	81.00
Depreciation and amortisation	30.99	29.04
Other	48.43	59.28
Lease liability	11.48	15.62
	<b>198.77</b>	<b>207.31</b>

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)

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

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



**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:

**Statement of profit and loss:**

**Current income tax**

Current income tax charge

Tax expense pertaining to earlier years

**Deferred tax**

Relating to originating and reversal of temporary differences

**Income tax expenses reported in the statement of profit and loss**

**Other comprehensive income:**

Income tax related to items recognised in OCI during the year:

**Net gain on remeasurements of defined benefit plans**

	₹ Laacs	
	As at March 31, 2022	As at March 31, 2021
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)
<b>Income tax expenses reported in the statement of profit and loss</b>	<b>63.00</b>	<b>(2.16)</b>
Other comprehensive income:		
Income tax related to items recognised in OCI during the year:	(4.65)	(10.75)
<b>Net gain on remeasurements of defined benefit plans</b>	<b>(4.65)</b>	<b>(10.75)</b>

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

Accounting profit before tax

At India's statutory Income tax rate of 25.168% (March 31, 2021: 25.168 %)

Adjustment in respect of income tax related to earlier year

Others

**Income tax expenses reported in the statement of profit and loss**

	₹ Laacs	
	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
<b>Income tax expenses reported in the statement of profit and loss</b>	<b>34.05</b>	<b>(2.16)</b>

**7. Inventories**

Traded goods

	₹ Laacs	
	As at March 31, 2022	As at March 31, 2021
Traded goods	1,485.32	1,217.26
	<b>1,485.32</b>	<b>1,217.26</b>

Note:

- 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.
- Cumulative provision made for excess and obsolete inventories upto year March 31, 2022, ₹ 193.44 lacs (upto March 31, 2021: ₹ 235.55 lacs).
- 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

Trade receivables considered good - secured  
Trade receivable consider good- Unsecured  
Trade receivable consider not good- Unsecured  
Trade receivables from related parties considered good - unsecured  
Less: Loss allowance

Reconciliation of provision for doubtful debts

Opening provision

Add: Additions ( Net)  
Less: Write-offs\*

Closing provision

₹ Lacs	
As at March 31, 2022	As at March 31, 2021
-	-
1,518.12	1,403.40
62.26	59.48
42.04	31.51
(62.26)	(59.48)
<b>1,560.16</b>	<b>1,434.91</b>
₹ Lacs	
As at March 31, 2022	As at March 31, 2021
59.48	35.48
17.20	24.00
14.42	-
<b>62.26</b>	<b>59.48</b>

\* 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)
<b>Total</b>	<b>1,622.44</b>		<b>62.28</b>	<b>1,560.16</b>

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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
	<b>0.73</b>	<b>7.98</b>

**10. Security deposits (current)**

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

**Reconciliation of provision for doubtful security deposits**

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

**11. Other current financial assets**

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

**12. Other current assets**

	₹ Lacs	
	As at March 31,2022	As at March 31,2021
<b>Unsecured, considered good</b>		
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
	<b>223.48</b>	<b>277.11</b>

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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
<b>Authorised</b>		
12,000,000 equity shares of ₹ 10 each	1,200.00	1,200.00
<b>Issued, subscribed and fully paid-up shares</b>		
12,000,000 equity shares of ₹ 10 each	1,200.00	1,200.00
	<b>1,200.00</b>	<b>1,200.00</b>

**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
<b>Balance as at the end of the year</b>	<b>12,000,000</b>	<b>1,200.00</b>	<b>12,000,000</b>	<b>1,200.00</b>

**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.	%
<b>Equity shares of ₹ 10 each fully paid</b>				
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
<b>Closing balance</b>	<b>790.24</b>	<b>684.62</b>

**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
<b>Current provisions</b>	<b>347.33</b>	<b>321.85</b>
Provision for gratuity	16.91	18.01
Provision for compensated absences	6.79	7.63
<b>Non-current provisions</b>	<b>23.70</b>	<b>25.64</b>
Provision for gratuity	249.05	225.35
Provision for compensated absences	74.59	70.86
	<b>323.64</b>	<b>296.21</b>



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

**16. Borrowings**

	₹ Lacs	
	As at March 31,2022	As at March 31,2021
<b>Secured</b>		
Cash credit	136.92	157.56
Working capital demand loan	-	300.00
	<b>136.92</b>	<b>457.56</b>

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**

	₹ Lacs	
	As at March 31,2022	As at 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
	<b>717.49</b>	<b>245.46</b>

Trade payables to related party amounts to ₹ 438.5 lakh (₹ 48.74 lakh last year). Refere 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#						
	Unbilled	Not Due	Less than 1	1-2 years	2-3 years	More than 3	Total
(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#						
	Unbilled	Not Due	Less than 1	1-2 years	2-3 years	More than 3	Total
(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

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 due 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**

	₹ Lacs	
	As at March 31,2022	As at March 31,2021
<b>Employee payables</b>		
Salaries, wages and bonus payable	233.44	209.21
	<b>233.44</b>	<b>209.21</b>

**19. Other current liabilities**

	₹ Lacs	
	As at March 31,2022	As at March 31,2021
Statutory dues	59.56	45.41
Unearned revenue	364.66	352.42
Advances from customers	53.04	44.49
	<b>477.26</b>	<b>442.32</b>



**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
	<b>10,159.29</b>	<b>8,672.32</b>

\* 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
	<b>25.68</b>	<b>31.20</b>

**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
	<b>7,283.76</b>	<b>6,027.45</b>

\* 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)
	<b>(268.06)</b>	<b>(251.39)</b>

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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 March 31,2022	Year ended 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
	<b>1,891.15</b>	<b>1,713.53</b>

**25. Finance costs**

	₹ Lacs	
	Year ended March 31,2022	Year ended March 31, 2021
Interest cost	23.86	26.47
Interest expense on lease liability	42.69	32.49
	<b>66.55</b>	<b>58.96</b>

**26. Other expenses**

	₹ Lacs	
	Year ended March 31,2022	Year ended 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
	<b>923.35</b>	<b>887.71</b>

**Payment to auditors\***

	₹ Lacs	
	Year ended March 31,2022	Year ended March 31, 2021
Statutory audit	8.50	8.50
Tax audit	1.50	1.50
Out of pocket expenses	2.00	0.27
	<b>12.00</b>	<b>10.27</b>

\* 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
<b>(a) Contingent liabilities</b>		
Bank guarantees	27.73	27.07
	<b>27.73</b>	<b>27.07</b>

**(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 :

		₹ Lacs	
Sr. No.	Particulars	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
		<b>108.05</b>	<b>113.30</b>

**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:**

		₹ Lacs	
Sr. No.	Particulars	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)
		<b>36.22</b>	<b>20.67</b>

**b. The amount recognised as other comprehensive income:**

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

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

		₹ Lacs	
Sr. No.	Particulars	As at March 31,2022	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)
	<b>Closing defined benbefit obligation</b>	<b>265.95</b>	<b>243.35</b>
	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:**

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

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

		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, 2022	
		Discount rate		Future salary increase	
		0.5% increase		0.5% decrease	
		0.5% decrease		0.5% increase	
		0.5% increase		0.5% decrease	
		0.5% decrease		0.5% increase	
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		0.5% increase		0.5% decrease	
		0.5% decrease		0.5% increase	
		0.5% increase		0.5% decrease	
		0.5% decrease		0.5% increase	



**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**

<b>Name of related party</b>	<b>Nature of relationship</b>
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:**

<b>Name of the party</b>	<b>Nature of transaction</b>	<b>₹ Lacs</b>	
		<b>Year ended March 31, 2022</b>	<b>Year ended March 31, 2021</b>
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	-
	Service Sale	0.27	0.94
	Parts Sale	22.71	32.82
	Professional Charges	4.25	3.24
Cummins Inc.	Others	19.68	-
	Purchase of software licenses	2.98	3.09
Directors sitting fees	Directors sitting fees	0.3	0.6

**c) Outstanding balances**

<b>Name of the Party</b>	<b>Nature of transaction</b>	<b>March 31, 2022</b>	<b>Year ended March 31, 2021</b>
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	-
		<b>438.50</b>	<b>48.74</b>
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
		<b>42.04</b>	<b>31.51</b>

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
<b>Financial assets</b>		
<b>Non current financial assets</b>		
Security deposits	126.56	127.99
<b>Current financial assets</b>		
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
<b>Total</b>	<b>1,762.43</b>	<b>1,610.97</b>
<b>Financial liabilities</b>		
<b>Non-current financial liabilities</b>		
Lease liability	275.58	144.23
<b>Current financial liabilities</b>		
Borrowings	136.92	457.56
Lease liability	104.40	98.25
Trade payables	717.49	245.46
Other financial liabilities	233.42	209.21
<b>Total</b>	<b>1,467.81</b>	<b>1,154.71</b>

**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
<b>Non-current financial assets</b>		
Security Deposit	126.56	127.99
<b>Current financial assets</b>		
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
	<b>1,762.43</b>	<b>1,610.97</b>



# 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)
<b>Net Debt</b>	<b>136.19</b>	<b>449.58</b>
Equity and other equity	1,990.24	1,884.62
<b>Equity+Net debt</b>	<b>2,126.43</b>	<b>2,334.20</b>
<b>Net Gearing ratio</b>	<b>6.84%</b>	<b>23.86%</b>

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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
<b>Revenue from contracts with customers</b>		
(i) Sale of products	7,959.77	6,702.68
(ii) Sale of services	2,199.52	1,969.64
<b>Total revenue covered under Ind AS 115</b>	<b>10,159.29</b>	<b>8,672.32</b>

**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
<b>Contract liabilities</b>		
Advances from consumers	53.04	44.49
Unearned revenue	364.66	352.42
<b>Total contract liabilities</b>	<b>417.70</b>	<b>396.91</b>
<b>Receivables</b>		
Trade receivables	1,622.42	1,494.39
Less: Loss allowance	(62.26)	(59.48)
<b>Net receivables</b>	<b>1,560.16</b>	<b>1,434.91</b>

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
<b>Opening balance</b>	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)
<b>Closing balance</b>	<b>53.04</b>	<b>364.66</b>	<b>44.49</b>	<b>352.42</b>

**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	₹ Laos	
	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
<b>Total</b>	<b>379.99</b>	<b>242.48</b>

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

Particulars	₹ Laos		
	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)
	<b>104.41</b>	<b>217.88</b>	<b>112.76</b>

iii) Total cash outflow for leases for the year ended 31 March 2022 was Rs. 138.09 lacs (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	99.34
<b>Total</b>	<b>334.40</b>	<b>203.84</b>	<b>109.39</b>	<b>99.34</b>

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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)

	₹ Laacs	
	Year ended March 31,2022	Year ended March 31, 2021
Purchase of software licenses	2.98	3.09
	<b>2.98</b>	<b>3.09</b>

### 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

			Year ended March 31,2022	Year ended March 31,2021	% Variance	Reason for variance
	Numerator	Denominator				
(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
<b>Variance</b>	<b>19.52</b>	<b>-12.30</b>	<b>18.82</b>	<b>190.39</b>	<b>47.55</b>	<b>22.10</b>	<b>243.28</b>	<b>97.26</b>	<b>47.81</b>	<b>243.87</b>	<b>-75.17</b>	<b>29.37</b>

(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**

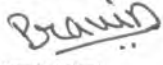
The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities.

**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

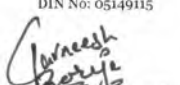
Place: Pune  
 Date: May 20, 2022

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

  
**Mrudul J. Bhatia**  
 (Director)  
 DIN No: 08991966

  
**Madankumar K. Patil**  
 (Director)  
 DIN No: 05149115

  
**Ravinder S. Rana**  
 (CFO)  
 PAN: AEMPR5503D

  
**Lavneesh Bareja**  
 (Company secretary)  
 PAN: CKOPB7017C

May 20, 2022