S.R. BATLIBOI & CO. LLP
Chartered Accountants

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Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122 002, Haryana, India
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INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Motherson Sumi Systems Limited

Report issued in accordance with scope and terms agreed in Master Engagement Agreement dated November 06, 2020, and service scope letter dated August 19, 2021, entered between Motherson Sumi Systems Limited and us in relation to the audit of Special Purpose Indian Accounting Standards (Ind AS) Financial Statements of AEES Inc.

Opinion

We have audited the accompanying Special Purpose Ind AS financial statements of AEES Inc. ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Responsibility of Management for the Ind AS Financial Statements

The Management of the Company including those charged with governance are responsible for the preparation of these Special Purpose Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS). This responsibility also includes maintenance of adequate accounting records, for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing these Special Purpose Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters

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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 charged with governance are also responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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Other Matters

These special purpose Ind AS financial statements have been prepared in all material respects in accordance with the basis of preparation as set out in Note 2.1(a) to the special purpose Ind AS financial statements, which describes the basis of accounting. These special purpose financial statements include comparative financial information of the Company as at and for the year ended 31st March 2020 and the transition date opening balance sheet as at 1st April 2019 which were not subject to audit or review in earlier years. Accordingly, we do not express an opinion, a conclusion nor provide any assurance on them.

This report covering the financial statements of the Company for the year ended March 31, 2021 is intended for the information and use of the board of directors of the Company and Motherson Sumi Systems Limited (MSSL), the ultimate holding company to comply with the financial reporting requirement by MSSL with respect to the inclusion of audited financial statement of the subsidiary companies on the website of the MSSL. It should not be used for any other purpose or provided to other parties.

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

Per Pankaj Chadha
Partner
Membership Number: 091813
UDIN: 21091813AAAAEC5451

S.R. BATLIBOI & CO. LLP * GURUGRAM *

Place: Gurugram
Date: September 14, 2021

AEES Inc.
Special Purpose Ind AS Financial Statements
2020-21

AEES Inc.

Special Purpose Balance sheet as at March 31, 2021

(All amounts in USD'000, unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
ASSETS				
Non-current assets				
Property, plant and equipment	3	22,699	19,004	19,806
Right-of-use assets	4	5,379	4,479	5,889
Capital work-in-progress	3	1,582	4,846	662
Intangible assets	5	2	16	149
Non current investment	6	9,535	9,535	9,535
Deferred tax assets (net)	7	6,308	9,192	4,979
Total non-current assets		**45,505**	47,072	41,020
Current assets				
Inventories	8	48,297	52,460	47,906
Financial assets				
i. Trade receivables	9	39,153	34,598	69,338
ii. Cash and cash equivalents	10	22,017	23,902	20,184
iii. Other financial assets	11	119,934	116,017	61,388
Other current assets	12	1,729	3,008	2,551
Current tax asset (net)		8,559	-	-
Total current assets		**239,689**	229,985	201,367
Total assets		**285,194**	277,057	242,387
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	0	0	0
Other equity				
Reserves and surplus	14 (a)	152,266	152,515	113,613
Other reserves	14 (b)	439	(8,853)	324
Total equity		**152,705**	143,662	113,937
Liabilities				
Non current liabilities				
Financial liabilities				
i. Lease liabilities	16	4,580	3,432	4,448
ii. Borrowings	15	32,120	17,749	18,341
Total non current liabilities		**36,700**	21,181	22,789
Current liabilities				
Financial liabilities				
i. Lease liabilities	16	1,004	1,171	1,441
ii. Trade payables	17	85,847	89,799	94,037
iii. Other financial liabilities	18	3,926	19,038	1,847
Provisions	19	917	1,185	1,017
Current tax liabilities (net)		-	45	6,317
Other liabilities	20	4,095	976	1,002
Total current liabilities		**95,789**	112,214	105,661
Total equity and liabilities		**285,194**	277,057	242,387
Summary of significant accounting policies	2.1			

The above Special Purpose Balance Sheet should be read in conjunction with the accompanying notes

As per our report of even date

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

per Pankaj Chadha
Partner
Membership No.: 091813

S. R. BATLIBOI & CO. LLP * GURUGRAM *

Place: Gurugram, Haryana, India
Date: September 14, 2021

For and on behalf of the Board

Sukant Gupta
Director

Place: Houston
Date: September 13, 2021

Thomas McHugh
VP and CFO

Place: Farmington Hills, MI
Date: September 11, 2021

Pankaj Mital
Director

Place: Noida
Date: September 13, 2021

AEES Inc.
Special Purpose Statement of Profit and Loss for the year ended March 31, 2021

(All amounts in USD'000, unless otherwise stated)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue			
Revenue from contract with customers	21	389,564	555,767
Other operating revenue	22	3,934	5,128
Total revenue from operations		**393,498**	560,895
Other income	23	462	5,958
Total income		**393,960**	566,853
Expenses			
Cost of materials consumed	24	203,822	309,284
Change in inventories of finished goods and work-in-progress	25	5,641	(7,237)
Employee benefits expense	26	21,871	22,271
Depreciation and amortisation expense	27	9,357	8,907
Finance costs	28	1,526	1,857
Other expenses	29	155,837	183,537
Total expenses		**398,054**	518,619
Profit/(loss) before tax		**(4,094)**	48,234
Tax expenses			
Current tax	30	(4,043)	10,891
Deferred tax expense/ (credit)	30	198	(1,559)
Total tax expense		**(3,845)**	9,332
Profit/(loss) for the year		**(249)**	38,902
Other comprehensive income			
Items to be reclassified to profit or loss			
Changes in fair valuation of cash flow hedge		11,978	(11,831)
Deferred tax on fair valuation of cash flow hedge		(2,686)	2,654
Other comprehensive income for the year, net of tax		**9,292**	(9,177)
Total comprehensive income for the year, net of tax		**9,042**	29,725
Earnings per share			
Nominal value per share : USD 0.01 (previous year: 0.01)			
Basic (in USD)	31	**(249)**	38,902
Diluted (in USD)	31	**(249)**	38,902
Summary of significant accounting policies	2.1		

The above statement of Special Purpose Profit and Loss should be read in conjunction with the accompanying notes
As per our report of even date

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

per Pankaj Chadha
Partner
Membership No.: 091813

Place: Gurugram, Haryana, India
Date: September 14, 2021

S.R. BATLIBOI & CO. LLP GURUGRAM

For and on behalf of the Board

Sukant Gupta
Director

Place: Houston
Date: September 13, 2021

Thomas McHugh
VP and CFO

Place: Farmington Hills, MI
Date: September 11, 2021

Pankaj Mittal
Director

Place: Noida
Date: September 13, 2021

AEES Inc.

Special Purpose Statement of Changes in Equity for the year ended March 31, 2021

(All amounts in USD'000, unless otherwise stated)

A. Equity Share Capital	Notes	Number of Shares (in No.)	Amount
As at April 01, 2019		1,000	0
Issue of equity share capital		-	-
As at March 31, 2020		1,000	0
Issue of equity share capital		-	-
As at March 31, 2021	13	**1,000**	**0**

B. Other equity	Notes	Reserves & Surplus	Other Reserves	Total attributable to Owners
		Retained Earnings	Cash flow hedging reserve	
Balance as at April 01, 2019		113,613	324	113,937
Profit for the year		38,902	-	38,902
Other comprehensive income		-	(9,177)	(9,177)
Balance at March 31, 2020		152,515	(8,853)	143,662
Profit for the year		(249)	-	**(249)**
Other comprehensive income		-	9,292	**9,292**
Balance at March 31, 2021		**152,266**	**439**	**152,705**
Summary of significant accounting policies	2.1			

The above Special Purpose statement of changes in Equity should be read in conjunction with the accompanying notes

As per our report of even date

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

per Pankaj Chadha
Partner
Membership No.: 091813

Place: Gurugram, Haryana, India
Date: September 14, 2021

S. R. BATLIBOI & CO. LLP * GURUGRAM *

For and on behalf of the Board

Sukant Gupta
Director

Place: Houston
Date: September 13, 2021

Thomas E. McHugh

Thomas McHugh
VP and CFO

Place: Farmington Hills, MI
Date: September 11, 2021

Pankaj.

Pankaj Mital
Director

Place: Noida
Date: September 13, 2021

AEES Inc.

Special Purpose Cash Flow Statement for the year ended March 31, 2021

(All amounts in USD'000, unless otherwise stated)

		Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
A.	**Cash flow from operating activities:**			
	Profit/(loss) before tax		(4,094)	48,234
	Adjustments to reconcile profit before tax to net cash flow:			
	Depreciation and amortisation expense		9,357	8,907
	Interest on borrowings and lease liabilities		1,030	1,223
	Provision for warranty		(268)	168
	Provision for doubtful debt / advances		(771)	(790)
	(Gain) / loss on disposal of property, plant and equipment (net)		(159)	(36)
	Interest income		(284)	(1)
	Unrealised foreign currency loss/(gain)		1,953	(814)
	Operating profit before working capital changes		**6,764**	56,891
	Changes in working capital:			
	Increase/(decrease) in trade payables		(7,429)	(1,157)
	Increase/(decrease) in other financial liabilities		(4,850)	4,178
	Increase/(decrease) in other liabilities		2,447	(208)
	(Increase)/decrease in trade receivables		(3,795)	35,536
	(Increase)/decrease in inventories		4,163	(4,554)
	(Increase)/decrease in other financial assets		(2,606)	(56,385)
	(Increase)/decrease in other assets		1,281	(457)
	Cash generated from/(used in) operations		**(4,025)**	33,844
	Taxes paid		(4,561)	(17,163)
	Net cash generated from /(used) in operating activities		**(8,586)**	16,681
B.	**Cash flow from investing activities:**			
	Purchase of property, plant & equipment (including capital work-in-progress) and intangible assets		(8,361)	(10,573)
	Proceeds from sale of property, plant and equipment		159	36
	Interest received		284	1
	Net cash generated used in investing activities		**(7,918)**	(10,536)
C.	**Cash flow from financing activities:**			
	Proceeds from borrowings (net)		16,311	73
	Payment of principal portion of lease liabilities		(1,334)	(1,459)
	Interest paid		(358)	(1,041)
	Net cash generated from/(used) in financing activities		**14,619**	(2,427)
	Net increase/(decrease) in cash & cash equivalents		**(1,885)**	3,718
	Net cash and cash equivalents at the beginning of the year		23,902	20,184
	Cash and cash equivalents as at year end		**22,017**	23,902
	Cash and cash equivalents comprise of the following			
	Balance with Banks (refer note 10)		22,017	23,902
	Cash and cash equivalents		**22,017**	23,902
	Summary of significant accounting policies	2.1		

i) The above Cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS-7, "Statement of Cash Flows".

ii) Figures in brackets indicate cash outflow

The above Special Purpose Cash Flow Statement should be read in conjunction with the accompanying notes

As per our report of even date

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

per Pankaj Chadha
Partner
Membership No.: 091813

Place: Gurugram, Haryana, India
Date: September 14, 2021

S.R. BATLIBOI & CO. LLP GURUGRAM

For and on behalf of the Board

Sukant Gupta
Director

Place: Houston
Date: September 13, 2021

Thomas McHugh
VP and CFO

Place: Farmington Hills, MI
Date: September 11, 2021

Pankaj

Pankaj Mital
Director

Place: Noida
Date: September 13, 2021

1. Corporate Information

AEES Inc. (AEES or 'the Company') was incorporated on November 24, 1984 and domiciled in the United States of America and is engaged primarily in the manufacture and sale of electrical distribution systems and components to commercial vehicle original equipment manufacturers and other makers. The address of its registered office is 36555 Corporate Drive, Suite 300, Farmington Hills, MI 48331, USA. The Company is a private company. The Company is a subsidiary of PKC Group USA Inc. The Company is a wholly owned subsidiary of PKC Group USA Inc. and is 100% subsidiary of its ultimate holding company, Motherson Sumi System Limited (MSSL).

The special purpose Ind AS financial statements were authorised for issue on the date of signing.

2.1 Significant accounting policies

a) Basis of preparation

These Special Purpose Ind AS financial statements of the Company have been prepared in accordance with Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 (Act) read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended and as applicable in India (Ind AS), for the purpose complying with the financial reporting requirement by MSSL with respect to the inclusion of audited financial statement of the subsidiary companies on the website of the MSSL.

The consolidated Ind AS financial statements of MSSL of the respective years included financial information in respect of the Company, but these special purpose Ind AS financial statements of the Company are the Company's first financial statement prepared in accordance with Ind AS.

The financial information prepared under Ind AS included in the Consolidated Ind AS financial statements of MSSL have been used to the extent applicable and relevant, for the purpose of preparing these special purpose Ind AS financial statements and management has not considered any events or circumstances occurring after the respective date of issuance of Consolidated Ind AS financial statements of MSSL for the respective financial years. Also, refer note 42 for details relating to first time adoption exemptions and reconciliation items between previous unpublished financials information and these special purpose financial statements prepared as per Ind AS.

These Special Purpose Ind AS financial statements have been prepared on a historical cost basis on an accrual and going concern basis except for certain assets and liabilities measured at fair value as described under respective accounting policies.

The financial statements are presented in USD and all values are rounded to the nearest thousand ($000), except when otherwise indicated.

b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

c) Foreign Currencies

(i) Functional and presentation currency

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The Company's functional currency is US Dollar (USD) and the financial statements are presented in US Dollar (USD).
(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges.

Foreign exchange differences on foreign currency borrowings are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

d) Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of components
Revenue from sale of components is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment, unless specified otherwise.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of equipment, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration
If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contracts for the sale of components provide customers with a customary right of return in case of defects, quality issues etc. The rights of return give rise to variable consideration.

The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Warranty obligations
The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Revenue from development of tools
The Company develops customised tooling for its customers and recognises its revenue over time using an input method to measure progress towards complete satisfaction of the tool development.

The Company recognises revenue from development of tools over time if it can reasonably measure its progress towards complete satisfaction of the performance obligation.

Where the Company cannot reasonably measure the outcome of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Judgments applied in determining amount and timing of revenue

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

i. Determining the timing of satisfaction of tooling development

The Company concluded that revenue for development of tooling is to be recognised over time because the Company's performance does not create asset with an alternative use to the Company since the tools are customised for each customer and the Company has a legally enforceable right to payment for fair value of performance completed to date.

The Company determined that the input method is the best method in measuring progress of the tooling development because there is a direct relationship between the Company's effort (i.e., costs incurred) and the transfer of tooling to the customer. The Company recognises revenue on the basis of the total costs incurred relative to the total expected costs to complete the tool.

Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year and therefore are all classified as current. Where the settlement is due after one year, they are classified as non-current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Trade receivables are disclosed in Note 9.

Contract Assets

A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis as trade receivables. The Company's contract assets are disclosed in Note 39 as Unbilled Receivables.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. Contract Liabilities are disclosed in Note 39 as Advances received from customers.

Impairment

An impairment is recognised to the extent that the carrying amount of receivable or asset relating to contracts with customers (a) the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which such asset relates; less (b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

e) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets and presented within other income.

When government grants relating to loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

f) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in USA. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax

S. R. BATLIBOI & CO. LLP

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 tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements.

Deferred tax liabilities are not recognised:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or 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.

g) Leases

Ind AS 116 Leases issued by Ministry of Corporate Affairs is applied by the Company as of April 01, 2019. The Company decided to apply the modified retrospective approach. Accordingly, the Company has not restated comparative information and there is no cumulative effect of initially applying this Standard to be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Lease liabilities, which separately shown in the financial statement are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing (while affecting other comprehensive income) the carrying amount to reflect the lease payments made.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

h) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used. Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the end of the financial year at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

i) Cash and cash equivalents

Cash and cash equivalent include cash on hand, cash at banks and short term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

j) Inventories

Raw materials, stores and spares, work in progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material comprise cost of purchase and is determined after rebate and discounts. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

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Cost of inventories also include all other cost incurred in bringing the inventories to their present location and condition. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are determined on weighted average cost basis.

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

k) Financial instruments

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under Ind AS 115.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

This category is the most relevant to the Company. A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income in statement of profit and loss using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.
Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. The Company elected to classify irrevocably its non-listed equity investments under this category. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L. Currently, there are no such financial instrument.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's consolidated balance sheet) when:
- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial assets

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

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b. Financial assets that are debt instruments and are measured as at FVTOCI
c. Lease receivables under Ind AS 116
d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115
e. Loan commitments which are not measured as at FVTPL
f. Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:
- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 116

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

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

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

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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

The balance sheet presentation for various financial instruments is described below:
- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

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

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

Financial liabilities

Initial recognition and measurement

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss

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

Loans and borrowings

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

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

Derecognition

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

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of The Company or the counterparty.

l) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement

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date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

The Company determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets and liabilities, if any. At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies.

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

m) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

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

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

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

i. Fair value hedges

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

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

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

The Company has an interest rate swap that is used as a hedge for the exposure of changes in the fair value. See Note 37 for more details.

ii. Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

n) Property, plant and equipment

Property, Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital work in progress are stated at cost, net of accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the items and the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Depreciation is calculated using the straight-line method over estimated useful lives of the assets:

Assets	Useful lives (years)
Lease Improvement	Length of Lease
Plant & Machinery	
Program specific	3-10, depending on length of program
Others	5
Office Equipment	5
Furniture & Fixtures	5
Computer and Server	3

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

o) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful live of intangible assets are as follows:

Assets useful lives (years)

Particulars	Life (in Years)
Software	3

Intangible assets with finite lives are amortised over the useful economic life on straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Software

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product and use it;
- management intends to complete the software product and use it;
- there is an ability to use the software product;

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- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and use or sell the software are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

p) Borrowing costs

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

q) Provisions and contingent liabilities

Provisions

Provisions for legal claims, product warranties and other obligations are recognised when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, 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 that arises from past events 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.

r) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Pension provisions

The Company sponsors a 401 (k) savings plan. The plan is funded through payments to insurance companies or trustee-administered funds. All full-time employees are eligible to participate in this plan.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. 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.

For defined contribution plans, the Company pays contributions to publicly administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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s) **Earnings per share**

i. **Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.
The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

ii. **Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.2 Significant accounting judgements, estimates and assumptions

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

Judgements

In the process of applying the Company's accounting policies, there are no significant judgements established by the management.

Estimates and assumptions

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

(i) Useful life of property, plant and equipment

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

(ii) Percentage completion of recognition of revenue

The Company uses the percentage-of-completion method in accounting for 'development of tools' contracts. Use of the percentage-of-completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

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(All amounts in USD'000, unless otherwise stated)

3 Property, plant and equipment

Particulars	Leasehold Improvement	Plant & Machinery	Office Equipment	Furniture and Fixtures	Computer and Servers	Total	Capital Work-in-Progress
Year ended March 31, 2020							
Gross carrying amount							
As at April 01, 2019	0	79,592	52	379	4,548	84,570	662
Additions	47	5,581	-	-	761	6,389	10,573
Disposals / other adjustment	-	(1,463)	-	-	-	(1,463)	(6,389)
Closing gross carrying amount	47	83,710	52	379	5,309	89,497	4,846
Accumulated depreciation and impairment							
As at April 01, 2019	0	60,171	52	377	4,165	64,764	
Depreciation charge during the year	2	6,909	0	2	278	7,192	
Disposals / other adjustment	-	(1,463)	-	-	-	(1,463)	
Closing accumulated depreciation	2	65,617	52	379	4,443	70,493	-
Year ended March 31, 2021							
Gross carrying amount							
As at April 01, 2020	47	83,710	52	379	5,309	89,497	4,846
Additions	66	10,886	-	-	718	**11,670**	**8,406**
Disposals / other adjustment	-	(1,636)	(17)	-	(23)	**(1,676)**	**(11,670)**
Closing gross carrying amount	**113**	**92,960**	**35**	**379**	**6,004**	**99,491**	**1,582**
Accumulated depreciation							
As at April 01, 2020	2	65,617	52	379	4,443	70,493	
Depreciation charge during the year	11	7,463	-	-	454	**7,928**	
Disposals / other adjustment	-	(1,599)	(17)	-	(13)	**(1,629)**	
Closing accumulated depreciation	**13**	**71,481**	**35**	**379**	**4,884**	**76,792**	-
Net carrying amount							
As at March 31, 2021	**100**	**21,479**	**0**	-	**1,120**	**22,699**	**1,582**
As at March 31, 2020	45	18,093	-	-	866	19,004	4,846
As at April 1, 2019	-	19,421	0	2	383	19,806	662

(i) Additions pertains to capitalisation/transfers from capital work in progress
(ii) Capital Work in Progress: Capital Work in Progress mainly comprises plant & machinery.
(iii) For details on outstanding commitments related to purchase of property, plant and equipment, refer note 38.

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(All amounts in USD'000, unless otherwise stated)

4 Right-of-use assets

Particulars	Buildings
Year ended March 31, 2020	
Gross carrying amount	
As at April 01, 2019	5,889
Additions	172
Closing gross carrying amount	6,061
Accumulated depreciation	
As at April 01, 2019	-
Depreciation charge during the year	1,582
Closing accumulated depreciation	1,582
Year ended March 31, 2021	
Gross carrying amount	
As at April 01, 2020	6,061
Additions	**2,315**
Closing gross carrying amount	**8,376**
Accumulated depreciation	
As at April 01, 2020	1,582
Depreciation charge during the year	**1,415**
Closing accumulated depreciation	**2,997**
Net carrying amount	
As at March 31, 2021	**5,379**
As at March 31, 2020	4,479
As at April 1, 2019	5,889

5 Intangible assets

Particulars	Software
Year ended March 31, 2020	
Gross carrying amount	
As at April 01, 2019	6,427
Additions	-
Disposals / other adjustment	-
Closing gross carrying amount	6,427
Accumulated depreciation	
As at April 01, 2019	6,278
Depreciation charge during the year	133
Closing accumulated depreciation	6,411
Year ended March 31, 2021	
Gross carrying amount	
As at April 01, 2020	6,427
Additions	-
Disposals / other adjustment	-
Closing gross carrying amount	**6,427**
Accumulated depreciation	
As at April 01, 2020	6,411
Depreciation charge during the year	14
Closing accumulated depreciation	**6,425**
Net carrying amount	
As at March 31, 2021	**2**
As at March 31, 2020	16
As at April 1, 2019	149

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(All amounts in USD'000, unless otherwise stated)

6 Non-current investments

	March 31, 2021	March 31, 2020	April 01, 2019
Investment in subsidiary			
Unquoted instruments valued at cost unless stated otherwise)			
Fortitude Industries Inc.			
200 (March 31, 2020: 200) equity shares	9,535	9,535	9,535
	9,535	9,535	9,535

7 Deferred tax assets / (liabilities) (net)

	March 31, 2021	March 31, 2020	April 01, 2019
Property, plant, equipments & intangible assets	4,554	4,070	3,696
Provision for doubtful debts/advances/inventory	1,656	2,239	1,696
Others	225	324	(318)
Subtotal	**6,435**	6,633	5,074
Deferred tax on cash flow hedge	(127)	2,559	(95)
Total	**6,308**	9,192	4,979

Deferred tax assets and deferred tax liabilities have been offset to the extent they relate to the same governing taxation laws.

Movement in deferred tax assets

	Beginning balance	(Charged)/ credited to profit and loss	(Charged)/ credited to OCI	Closing balance
Year ended March 31, 2021				
Property, plant, equipments & intangible assets	4,070	484	-	**4,554**
Provision for doubtful debts/advances/inventory	2,239	(583)	-	**1,656**
Others	324	(99)	-	**225**
Deferred tax on cashflow hedge	2,559	-	(2,686)	**(127)**
	9,192	(198)	(2,686)	**6,308**
Year ended March 31, 2020				
Property, plant, equipments & intangible assets	3,696	374	-	4,070
Provision for doubtful debts/advances/inventory	1,696	543	-	2,239
Others	(318)	642	-	324
Deferred tax on cashflow hedge	(95)	-	2,654	2,559
	4,979	1,559	2,654	9,192

8 Inventories

	March 31, 2021	March 31, 2020	April 01, 2019
Raw materials	32,030	30,190	32,333
Work-in-progress	6,038	5,331	5,389
Finished goods	9,620	15,968	8,673
Stores and Spares	609	971	1,511
	48,297	52,460	47,906
Inventory include inventory in transit of			
Raw materials	409	119	640

During the year ended March 31, 2021, the Company has made provision in respect of obsolete/slow moving items amounting to USD 5,455 (March 31, 2020: USD 7,396 and at April 01, 2019: USD 7,656). These were recognised as an expense during the year in the statement of profit or loss.

9 Trade receivables

	March 31, 2021	March 31, 2020	April 01, 2019
Unsecured, considered good (refer note a)	36,134	31,198	65,962
Trade receivables from related parties (refer note 36)	3,019	3,400	3,376
Unsecured, credit impaired	1,089	1,860	2,650
	40,242	36,458	71,988
Less: Allowances for credit loss (refer note b)	1,089	1,860	2,650
	39,153	34,598	69,338

Note a: The Company has derecognised trade receivables amounting USD 29,269 (March 31, 2020: USD 24,387, April 01, 2019 : USD 14,522) as it had transferred the contractual right and substantially transferred all risks and rewards of ownership of these receivables to financial institution.

Note b: In determining the allowances for credit losses of trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on past provision. Past provision takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due.

10 Cash and cash equivalents

	March 31, 2021	March 31, 2020	April 01, 2019
Balances with banks:			
- in current accounts	22,017	23,902	20,184
	22,017	23,902	20,184

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

Changes in liabilities arising from financing activities

	March 31, 2020	Cash Flow	Non - Cash Items*	March 31, 2021
Non current borrowings	17,749	13,560	811	32,120
Lease liabilities	4,603	(1,334)	2,315	5,584
Current maturities of long term borrowings	-	2,751	-	2,751
	22,352	14,977	3,126	**40,455**

Changes in liabilities arising from financing activities

	April 01, 2019	Cash Flow	Non - Cash Items	March 31, 2020
Non current borrowings	18,341	73	(665)	17,749
Lease liabilities	5,889	(1,459)	173	4,603
	24,230	(1,386)	(492)	22,352

* Non cash items includes new leases taken or termination of lease contracts in case of lease liabilities.

(All amounts in USD'000, unless otherwise stated)

11 Other financial assets

	March 31, 2021	March 31, 2020	April 01, 2019
Unsecured, considered good			
Receivables from related party (refer note 36)	115,688	113,465	54,176
Unbilled revenue (refer note 39)	2,719	2,286	5,324
Derivatives designated as hedge	1,311	-	1,756
Others	216	266	132
	119,934	116,017	61,388

12 Other current assets

	March 31, 2021	March 31, 2020	April 01, 2019
Unsecured, considered good			
Prepaid expenses	1,435	1,682	816
Advance to related parties (refer note 36)	294	1,326	1,735
	1,729	3,008	2,551

13 Equity share capital

	March 31, 2021	March 31, 2020	April 01, 2019
Authorised:			
100,000 (March 31, 2019, 100,000) Equity shares of USD 0.01 each	1	1	1
	1	1	1
Issued, subscribed and paid up:			
1,000 (March 31, 2019, 1,000) Equity shares of USD 0.01 each	0	0	0
	0	0	0

(a) Movement in equity share capital

	Numbers	Amount
As at April 1, 2019	1,000	0
Add: Changes during the year	-	-
As at March 31, 2020	1,000	0
Add: Changes during the year	-	-
As at March 31, 2021	**1,000**	**0**

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of USD 0.01 per share. Each holder of equity is entitled to one vote per share held. The Company declares and pays dividends in USD.

In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	March 31, 2021		March 31, 2020		March 31, 2019	
	Nos.	**%**	Nos.	%	Nos.	%
PKC Group USA Inc	**1,000**	**100%**	1,000	100%	1,000	100%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

14 Other equity

(a) Retained earnings

	March 31, 2021	March 31, 2020
Opening balance	152,515	113,613
Additions during the year	(249)	38,902
Closing balance	**152,266**	152,515

(b) Cash flow hedge reserve

	March 31, 2021	March 31, 2020
Opening balance	(8,853)	324
Additions during the year	9,292	(9,177)
Closing balance	**439**	(8,853)

Cash flow hedging reserve

The Company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast payments. For hedging foreign currency risk, the Company uses foreign currency forward contracts which are designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss.

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(All amounts in USD'000, unless otherwise stated)

15 Borrowings

Non- Current	March 31, 2021	March 31, 2020	April 01, 2019
Unsecured:			
Loans from related parties (refer note 36)	32,120	17,749	18,341
Loan from bank	2,751	-	-
Less: Amounts disclosed under "other current financial liabilities" (refer note 18)	(2,751)	-	-
	32,120	17,749	18,341

a. Unsecured foreign currency loans from related party

Loan amounting to USD 3,110 (March 31, 2020: USD 2,678, April 01, 2019: 3,270) from AEES Manufactuera, S. De R.L de C.V. repayable by May 2023. The applicable rate of interest is 7.50%.

Loan amounting to USD 382 (March 31, 2020: USD Nil; April 01, 2019: Nil) from Arneses de Ciudad Juarez, S. de R.L de C.V. repayable by July 2022. The applicable rate of interest is 6%

Loan amounting to USD 1,313 (March 31, 2020: USD Nil; April 01, 2019: Nil) from Arneses y Accesorios de México, S. de R.L de C.V. repayable by July 2022. The applicable rate of interest is 6%

Loan amounting to USD 2,526 (March 31, 2020: USD 0, April 01, 2019: Nil) from Cableodos del Norte II, S. de R.L de C.V. repayable by July 2022. The applicable rate of interest is 6%.

Loan amounting to USD 551 (March 31, 2020: USD Nil, April 01, 2019: Nil) from Asesoria Mexicana Empresarial, S. de R.L de C.V. repayable by July 2022. The applicable rate of interest is 6%

Loan amounting to USD 1,051 (March 31, 2020: USD Nil; April 01, 2019: Nil) from PKC Group de Piedras Negras, S. de R.L. de C.V. repayable by July 2022. The applicable rate of interest is 6%

Loan amounting to USD 23,187 (March 31, 2020: USD 15,071; April 01, 2019: 15,071) from AEES Power Systems Limited partnership repayable by March 2023. The applicable rate of interest is 4.75%.

b. Loan from bank

The Company pursued and received government assistance of USD 2,751 under the Paycheck Protection Program ("PPP") established by the federal government under the Coronavirus Aid, Relief and Economic Security (CARES) Act, P.L. 116-136. The same is repayable in 24 equated monthly instalments and carries interest rate 0.98% per annum.

Forgiveness of the Loan is available for principal amount that is used for the limited purposes that qualify for forgiveness under Small Business Administration's ("SBA") requirements. The Company has filed for the forgiveness of the loan during the year ended March 31, 2021 which has been approved subsequently in the month of September 2021. The Company has treated the loan as a borrowing as on March 31, 2021, since there was no reasonbale assurance till that date that the conditions for forgiveness of the loan would have been achieved and subsequent approval is considered as non adjutsing event.

16 Lease liabilities

	March 31, 2021	March 31, 2020	April 01, 2019
Non-current	4,580	3,432	4,448
Current	1,004	1,171	1,441
	5,584	4,603	5,889

Lease liabilities represent obligations recognised under leasing contracts accounted for as per Ind AS 116 since April 01, 2019.

17 Trade payables

	March 31, 2021	March 31, 2020	April 01, 2019
Total outstanding dues of creditors other than related parties	60,162	53,079	60,422
Trade payable to related parties (refer note 36)	25,685	36,720	33,615
	85,847	89,799	94,037

18 Other current financial liabilities

	March 31, 2021	March 31, 2020	April 01, 2019
Derivatives designated as hedges	-	13,013	-
Employee benefits payable	1,125	1,945	1,847
Current maturities of long term borrowings (refer note 15)	2,751	-	-
Liabilities towards bank (note a below)	50	4,080	-
	3,926	19,038	1,847

Note a: Liabilities towards bank represents the amount payable to bank in relation to funds received from the customer which are not due to be paid to factor bank in relation to factoring arrangement

19 Provisions

	March 31, 2021	March 31, 2020	April 01, 2019
For warranties	917	1,185	1,017
	917	1,185	1,017

Warranty

A provision is recognized for expected warranty claims on products sold during the last two years, based on past experience of the level of repairs and returns. Due to the very nature of such costs, it is not possible to estimate the uncertainties relating to the outflows of economic benefits.

The Company has following provisions in the books of account as at year end

	March 31, 2021	March 31, 2020
Opening balance	1,185	1,017
Additions during the year	884	1,558
Utilisation during the year	(1,152)	(1,390)
Closing balance	**917**	1,185

20 Other current liabilities

	March 31, 2021	March 31, 2020	April 01, 2019
Advance from customers (refer note 39)	2,132	-	-
Interest accrued but not due on borrowings (refer note 36)	1,003	331	149
Other current payables	960	645	853
	4,095	976	1,002

AEES Inc.
Notes to Special Purpose Financial Statements

(All amounts in USD'000, unless otherwise stated)

21 Revenue from contract with customers

	For the year ended	
	March 31, 2021	March 31, 2020
Sales of products	385,442	547,168
Tool development	4,122	8,599
Total (refer note 37)	**389,564**	555,767

22 Other operating revenue:

	For the year ended	
	March 31, 2021	March 31, 2020
Scrap sales	3,934	5,128
	3,934	5,128
Total	**393,498**	560,895

23 Other income

	For the year ended	
	March 31, 2021	March 31, 2020
Interest income from others	284	1
Foreign exchange gain (net)	19	5,921
Profit on sale of fixed assets	159	36
Total	**462**	5,958

24 Cost of materials consumed

	For the year ended	
	March 31, 2021	March 31, 2020
Opening stock of raw materials	30,190	32,333
Add : Purchases of raw materials	205,662	307,141
Less: Closing stock of raw materials	(32,030)	(30,190)
Total	**203,822**	309,284

25 Changes in inventory of finished goods, work in progress and stock in trade

	For the year ended	
	March 31, 2021	March 31, 2020
(Increase)/ decrease in stocks		
Stock at the opening of the year:		
Finished goods	15,968	8,673
Work-in-progress	5,331	5,389
Total A	**21,299**	14,062
Stock at the end of the year:		
Finished goods	9,620	15,968
Work-in-progress	6,038	5,331
Total B	**15,658**	21,299
(Increase)/ decrease in stocks (A-B)	**5,641**	(7,237)

26 Employee benefits expense

	For the year ended	
	March 31, 2021	March 31, 2020
Salary, wages & bonus	19,414	18,791
Contribution to employee welfare funds, payroll tax and other taxes (refer note 32)	1,754	1,998
Staff welfare expenses	703	1,482
Total	**21,871**	22,271

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(All amounts in USD'000, unless otherwise stated)

27 Depreciation and amortisation expense

	For the year ended	
	March 31, 2021	March 31, 2020
Depreciation on property, plant and equipment (refer note 3)	7,928	7,192
Depreciation on right-of-use assets (refer note 4)	1,415	1,582
Amortization on intangible assets (refer note 5)	14	133
Total	**9,357**	8,907

28 Finance costs

	For the year ended	
	March 31, 2021	March 31, 2020
Interest on borrowings	776	973
Interest on lease liabilities (refer note 40)	254	250
Others	496	634
Total	**1,526**	1,857

29 Other expenses

	For the year ended	
	March 31, 2021	March 31, 2020
Electricity, water and fuel	86	93
Repairs and maintenance:		
Machinery	1,568	2,803
Others	97	124
Contract manufacturing cost*	137,994	162,112
Rent	908	653
Rates & taxes	242	248
Insurance	1,395	282
Travelling	530	2,436
Freight & forwarding	1,194	1,968
Legal & professional expenses	7,800	7,820
Miscellaneous expenses	4,023	4,998
Total	**155,837**	183,537

*includes amount paid to related parties (refer note 36)

30 Income tax

(a) Income tax expense

	For the year ended	
	March 31, 2021	March 31, 2020
Current tax		
Current income tax charged	(1,349)	13,471
Adjustments for current tax of prior years	(2,694)	(2,580)
Total current tax expense	**(4,043)**	10,891
Deferred tax (refer note 6)		
Decrease in deferred tax liabilities (net)	198	(1,559)
Total deferred tax expense / (benefit)	**198**	(1,559)
Income tax expense	**(3,845)**	9,332

(b) Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate

	For the year ended	
	March 31, 2021	March 31, 2020
Profit/(loss) before income tax expense	(4,094)	48,234
Tax at USA's tax rate of 21% (March 31, 2020 of 21%)	(860)	10,129
Adjustments for current tax of prior period	(2,694)	(2,580)
Tax effect on amount not deductible in calculating taxable income (net of exempt income)	(71)	(67)
Others	(220)	1,850
	(3,845)	9,332

The Company is a part of a tax group of entities which includes AEES Inc. PKC Group USA Inc. AEES Power systems LP, T.I.C.S. Corporation and Fortitude Inc. (referred as "tax group"). PKC Group USA Inc. files a consolidated tax return on behalf of the tax group and utilizes the tax attributes covering operating results, interest expense, etc pertaining to respective entities within the tax group. All entities including the Company records intercompany receivable or payable respectively at each reporting date to account for such utilization of the tax attributes.

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(All amounts in USD'000, unless otherwise stated)

31 Earnings per share

	March 31, 2021	March 31, 2020
a) Basic and diluted		
Net profit/(loss) after tax available for equity shareholders	(249)	38,902
Weighted average number of equity shares	1,000	1,000
Basic and diluted earnings per share (in USD)	**(249)**	38,902

The Company does not have any potential equity shares and thus, weighted average number of shares for computation of basic EPS and diluted EPS remains same

32 Employee benefit plans

The Company contributes towards defined contribution plans which receive fixed contributions from the company and employees. The Company's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current period in relation to these contributions was USD 1,754 (March 31, 2020: USD 1,998). The expenses are included in the statement of profit and loss under the head employee benefit expenses.

33 Fair value measurements

Financial instruments by category

	March 31, 2021			March 31, 2020		
	FVPL	FVOCI	Amortized cost	FVPL	FVOCI	Amortized cost
Financial assets						
Trade receivables	-	-	39,153	-	-	34,598
Cash and cash equivalents	-	-	22,017	-	-	23,902
Other financial assets	745	565	118,623	-	-	116,017
Total financial assets	745	565	179,793	-	-	174,517
Financial liabilities						
Borrowings	-	-	32,120	-	-	17,749
Lease liabilities	-	-	5,584	-	-	4,603
Trade payables	-	-	85,847	-	-	89,799
Derivative financial liabilities	-	-	-	1,601	11,412	-
Other financial liabilities	-	-	3,926	-	-	19,038
Total financial liabilities	-	-	127,477	1,601	11,412	131,189

	April 01, 2019		
	FVPL	FVOCI	Amortized cost
Financial assets			
Trade receivables	-	-	69,338
Cash and cash equivalents	-	-	20,184
Other financial assets	1,338	418	59,632
Total financial assets	1,338	418	149,154
Financial liabilities			
Borrowings	-	-	18,341
Lease liabilities	-	-	5,889
Trade payables	-	-	94,037
Derivative financial liabilities	-	-	-
Other financial liabilities	-	-	1,847
Total financial liabilities	-	-	120,114

(i) Fair value hierarchy

Financial assets and liabilities as at March 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost				
Trade receivables	-	-	39,153	**39,153**
Cash and cash equivalents	-	-	22,017	**22,017**
Other financial assets	-	1,311	118,623	**119,934**
Total financial assets	-	**1,311**	**179,793**	**181,104**
Financial liabilities measured at amortized cost				
Borrowings	-	-	32,120	**32,120**
Lease liabilities	-	-	5,584	**5,584**
Trade payables	-	-	85,847	**85,847**
Other financial liabilities	-	-	3,926	**3,926**
Financial liabilities measured at fair value				
Derivative financial liabilities	-	-	-	-
Total financial liabilities	-	-	**127,477**	**127,477**

Financial assets and liabilities as at March 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost				
Trade receivables	-	-	34,598	34,598
Loans	-	-	-	-
Cash and cash equivalents	-	-	23,902	23,902
Other financial assets	-	-	116,017	116,017
Total financial assets	-	-	174,517	174,517
Financial liabilities measured at amortized cost				
Borrowings	-	-	17,749	17,749
Lease liabilities	-	-	4,603	4,603
Trade payables	-	-	89,799	89,799
Other financial liabilities	-	-	19,038	19,038
Financial liabilities measured at fair value				
Derivative financial liabilities		13,013	-	13,013
Total financial liabilities	-	13,013	131,189	144,202

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Financial assets and liabilities as at April 01, 2019

	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost				
Trade receivables	-	-	69,338	69,338
Cash and cash equivalents	-	-	20,184	20,184
Other financial assets	-	1,756	59,632	61,388
Total financial assets	-	1,756	149,154	150,910
Financial liabilities measured at amortized cost				
Borrowings	-	-	18,341	18,341
Lease liabilities	-	-	5,889	5,889
Trade payables	-	-	94,037	94,037
Other financial liabilities	-	-	1,847	1,847
Financial liabilities measured at fair value				-
Derivative financial liabilities	-	-	-	-
Total financial liabilities	-	-	120,114	120,114

The carrying amounts of trade receivables, borrowings, cash and cash equivalents, other financial assets, trade payables, lease liabilities and other financial liabilities are considered to be the same as their face values

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period

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 and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

34 Financial risk management

The Company, as an internationally active supplier for the automobile industry exposes its business and products to various market risks, credit risks and liquidity risks. The regulations, instructions, implementation rules and in particular, the regular communication throughout the tightly controlled management process consisting of planning, controlling and monitoring collectively form the risk management system used to define, record and minimise operating, financial and strategic risks. Below notes explain the sources of risk in which the company is exposed to and how it manages the risk.

A. Market risk

Market risk is the risk that the fair value of future cashflows of a financial instruments will fluctuate because of changes in market price/ rate. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risks. Financial instruments affected by market risk include loans and borrowings, deposits and payables/ receivables in foreign currencies.

a. Price risk

Fluctuation in commodity price in global market affects directly and indirectly the price of raw material and components used by the Company in its various products segment. Substantial pricing pressure from major OEMs to give price cuts and inability to pass on the increased cost to customers may also affect the profitability of the Company. The Group has set up Global Sourcing Procurement (GSP) at Sharjah which gives leverage of bulk buying and helps in controlling prices to a certain extent.
The key raw material for the Company's wiring harness business is copper. There is substantial fluctuations in prices of copper. The Company has arrangements with its major customers for passing on the price impact. The Company is regularly taking initiatives like VA-VE (value Addition , value engineering) to reduce its raw material costs to meet targets set up by the customers for cost downs. In respect of customer nominated parts, the group has back to back arrangements for cost savings with its suppliers .

b. Foreign currency risk

The Company does selective hedging to hedge its risks associated with foreign currency

The objective of foreign exchange risk management is to reduce the uncertainty in the Company's profit and loss, cash flows and statement of financial position caused by fluctuations in foreign exchange rates to an acceptable level. Foreign exchange risk management shall not aim to improve profits by actively taking views on the future changes of foreign exchange rates. The main principle is to mitigate the risk first by operative means in the businesses, e.g. through commercial terms in supplier and sales contracts

The Treasury of Company uses foreign exchange forwards to hedge against transaction risk. Significant certain or highly probable foreign exchange cash flows are hedged from transaction risk a maximum of twelve months forward. Hedging is not executed for currencies, especially in emerging countries, where hedging is expensive or derivatives' markets are underdeveloped. At the end of the reporting period Company had open currency derivatives with a nominal value of USD 78,970 (March 31, 2020: USD 76,531 and April 01, 2019 USD 72,844). The Company applies cash flow hedge accounting to currency derivatives. USD 526 (March 31, 2020: USD 11,413 and April 01, 2019: USD 419) of the change in the fair value of currency derivatives under hedge accounting was recorded in Equity.

The derivative instruments exposure is as follows

(i) Derivatives outstanding as at the reporting date

Amounts in '000

Particulars / Purpose	Currency	March 31, 2021	March 31, 2020	April 01, 2019
Forward Contracts (Sell)	USD/MXP	USD 78,970, MXP 1,670,127	USD 76,531, MXP 1,543,000	USD 72,844, MXP 1483,000

Particular of unhedged foreign exposure as at the reporting date (Net exposure to foreign currency risk)

	March 31, 2021		March 31, 2020		April 01, 2019	
	Amount in Foreign currency	Amount in USD	Amount in Foreign currency	Amount in USD	Amount in Foreign currency	Amount in USD
Trade Payables						
MXP	200,985	9,842	71,347	3,009	63,504	3,270
Euro	754	884	175	193	95	106
CAD	329	262	236	168	81	61
Trade Receivables						
Euro	260	305	1,224	1,350	401	450

Foreign currency sensitivity on unhedged exposure

1% increase / decrease in foreign exchange rates will have the following impact on profit before tax

	March 31, 2021	March 31, 2020	April 01, 2019
Increase by 1% in forex rate	(107)	(20)	(30)
Decrease by 1% in forex rate	107	20	30

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(All amounts in USD'000, unless otherwise stated)

B. Credit risk

The credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations towards the Company and arises principally from the Company's receivables from customers.

Trade receivables

The Company has developed guidelines for the management of credit risk from trade receivables. The Company's primary customers are major Indian automobile manufacturers (OEMs) with good credit ratings. Non-OEM clients are subjected to credit assessments as a precautionary measure, and the adherence of all clients to payment due dates is monitored on an on-going basis, thereby practically eliminating the risk of default and impairment.

C. Liquidity risk

The objective of cash and liquidity management is to centralise the management of the cash and other liquid assets of Company and thereby ensure the efficient use of the Company's liquidity while avoiding liquidity risk. The Treasury of Company shall optimise the Company's cash balances to cover the short term outgoing payments plus the liquidity reserve. To manage liquidity risk, the objective is to maintain a sufficient liquidity reserve in all situations.

At the end of reporting period, cash and cash equivalents totalled USD 22,017 (March 31, 2020: USD 23,902; April 01, 2019: 20,184).

(i) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative and derivative financial liabilities:

Year ended March 31, 2021	**Upto 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Non-derivatives				
Borrowings	2,751	32,120	-	**34,871**
Trade payables	85,847	-	-	**85,847**
Lease liabilities	1,004	4,580	-	**5,584**
Other financial liabilities	1,175	-	-	**1,175**
Total non-derivatives liabilities	**90,777**	**36,700**	-	**127,477**

Year ended March 31, 2020	**Upto 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Non-derivatives				
Borrowings	-	17,749	-	**17,749**
Trade payables	89,799	-	-	**89,799**
Lease liabilities	1,171	3,432	-	**4,603**
Other financial liabilities	6,025	-	-	**6,025**
Total non-derivatives liabilities	96,995	21,181	-	118,176
Derivatives				
Derivative financial liabilities	13,013	-	-	13,013
Total derivatives liabilities	13,013	-	-	13,013

Year ended April 01, 2019	Upto 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives				
Borrowings	-	18,341	-	18,341
Trade payables	94,037	-	-	94,037
Lease liabilities	1,441	4,448	-	5,889
Other financial liabilities	1,847	-	-	1,847
Total non-derivatives liabilities	97,325	22,789	-	120,114

Impact of Hedging Activities

(a) Disclosure of effects of hedge accounting on financial position

March 31, 2021

Type of hedge and risks	**Nominal value**	**Carrying amount of hedging instruments**		**Maturity date**	**Hedge ratio**	**Weighted average strike price / rate**	**Changes in fair value of hedging instrument**	**Change in the value of hedged item used as the basis for recognising hedge effectiveness**
Cash Flow Hedge		**Assets**	**Liabilities**					
MXN:USD	**MXP 1,670,127**	**1,311**	-	**April 21 - March 22**	**1:1**	**USD:MXN 20.86**	**1,311**	**(1,311)**

March 31, 2020

Type of hedge and risks	Nominal value	Carrying amount of hedging instruments		Maturity date	Hedge ratio	Weighted average strike price / rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
Cash Flow Hedge		**Assets**	**Liabilities**					
MXN:USD	MXP 1,543,000	-	(13,013)	April 20 - March 21	1:1	USD:MXN 20.27	(13,013)	13,013

April 01, 2019

Type of hedge and risks	Nominal value	Carrying amount of hedging instruments		Maturity date	Hedge ratio	Weighted average strike price / rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
Cash Flow Hedge		**Assets**	**Liabilities**					
MXN:USD	MXP 1,483,000	1,756	-	April 19 - February 20	1:1	USD:MXN 20.22	1,756	(1,756)

35 Capital Management

(a) Risk management

The Company's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Company monitors Net Debt to EBITDA ratio i.e. Net debt (total borrowings net of cash and cash equivalents) divided by EBITDA (Profit before tax plus depreciation and amortization expense plus finance costs). The Company's strategy is to ensure that the Net Debt to EBITDA is managed at an optimal level considering the above factors. The Net Debt to EBITDA ratios were as follows:

	March 31, 2021	March 31, 2020	April 01, 2019
Net Debt*	12,854	(6,153)	(1,843)
EBITDA	6,789	58,998	12,044
Net Debt to EBITDA	**1.89**	(0.10)	(0.15)

* During March 31, 2020, Lease liabilities recognised as per Ind AS 116 is not included in Net Debt (refer note 40).

(All amounts in USD'000, unless otherwise stated)

36 Related Party Disclosures

Related party disclosures, as required by Ind AS 24, "Related Party Disclsosures" are given below:

A Name of the related parties and description of relationships

a. Entities with control over the entity

1	Holding company:	PKC Group USA Inc.
2	Ultimate holding company:	Motherson Sumi Systems Limited

b. Entities where common control exists

1 MSSL Mauritius Holdings Limited
2 Motherson Electrical Wires Lanka Pvt. Ltd.
3 MSSL Mideast (FZE)
4 MSSL (S) Pte Ltd.
5 Motherson Innovations Tech Limited
6 Samvardhana Motherson Polymers Ltd.
7 MSSL (GB) Limited
8 Motherson Wiring System (FZE)
9 MSSL GmbH
10 MSSL Tooling (FZE)
11 Samvardhana Motherson Invest Deutschland GmbH
12 MSSL Advanced Polymers s.r.o
13 Motherson Techno Precision GmbH
14 MSSL s.r.l Unipersonale
15 Motherson Techno Precision México, S.A. de C.V
16 MSSL Australia Pty Ltd
17 MSSL Ireland Pvt. Ltd.
18 Global Environment Management (FZC)
19 Motherson Elastomers Pty Limited
20 Motherson Investments Pty Limited
21 MSSL Global RSA Module Engineering Limited
22 MSSL Japan Limited
23 Vacuform 2000 (Proprietary) Limited.
24 MSSL México, S.A. De C.V.
25 MSSL WH System (Thailand) Co., Ltd
26 MSSL Korea WH Limited
27 MSSL Consolidated Inc., USA
28 MSSL Wiring System Inc., USA
29 Alphabet de Mexico, S.A. de C.V.
30 Alphabet de Mexico de Monclova, S.A. de C.V.
31 Alphabet de Saltillo, S.A. de C.V.
32 MSSL Wirings Juarez S.A. de C.V.
33 MSSL Manufacturing Hungary Kft
34 Motherson Air Travel Pvt. Ltd.
35 MSSL Estonia WH OÜ
36 Samvardhana Motherson Global Holdings Ltd.
37 Samvardhana Motherson Automotive Systems Group B.V.
38 Samvardhana Motherson Reflectec Group Holdings Limited
39 SMR Automotive Technology Holding Cyprus Ltd.
40 SMR Automotive Holding Hong Kong Limited
41 SMR Automotive Systems France S. A.
42 SMR Automotive Mirror Technology Holding Hungary KFT
43 SMR Patents S.aR.L.
44 SMR Automotive Technology Valencia S.A.U.
45 SMR Automotive Mirrors UK Limited
46 SMR Automotive Systems India Limited
47 SMR Automotive Beijing Company Limited
48 SMR Automotive Yancheng Co. Limited
49 SMR Automotive Mirror Systems Holding Deutschland GmbH
50 SMR Holding Australia Pty Limited
51 SMR Automotive Australia Pty Limited
52 SMR Automotive Mirror Technology Hungary BtT
53 SMR Automotive Modules Korea Ltd
54 SMR Automotive Beteiligungen Deutschland GmbH
55 SMR Hyosang Automotive Ltd.
56 SMR Automotive Mirrors Stuttgart GmbH
57 SMR Automotive Systems Spain S.A.U.
58 SMR Automotive Vision Systems Mexico S.A. de C.V.
59 SMR Grundbesitz GmbH & Co. KG
60 SMR Automotive Brasil LTDA
61 SMR Automotive System (Thailand) Limited
62 SMR Automotives Systems Macedonia Dooel Skopje
63 SMR Automotive Operations Japan K.K.

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(All amounts in USD'000, unless otherwise stated)

64 SMR Automotive (Langfang) Co. Ltd.
65 SMR Mirrors UK Ltd
66 SMR Automotive Vision System Operations USA Inc
67 SMR Automotive Mirror Parts and Holdings UK Ltd. .
68 Samvardhana Motherson Peguform GmbH
69 SMP Automotive Interiors (Beijing) Co. Ltd
70 SMP Deutschland GmbH
71 SMP Logistik Service GmbH
72 SMP Automotive Solutions Slovakia s.r.o
73 Changchun Peguform Automotive Plastics Technology Co. Ltd
74 Foshan Peguform Automotive Plastics Technology Co. Ltd.
75 SMP Automotive Technology Management Services (Changchun) Co. Ltd.
76 SMP Automotive Technology Iberica S.L
77 Samvardhana Motherson Peguform Barcelona S.L.U
78 SMP Automotive Technologies Teruel Sociedad Limitada
79 Samvardhana Motherson Peguform Automotive Technology Portugal S.A
80 SMP Automotive Systems Mexico S.A. de C.V
81 SMP Automotive Produtos Automotivos do Brasil Ltda.
82 SMP Automotive Exterior GmbH
83 Samvardhana Motherson Innovative Autosystems B.V. & Co. KG
84 Samvardhana Motherson Innovative Autosystems Holding Company BV
85 SM Real Estate GmbH
86 Samvardhana Motherson Innovative Autosystems de México, S.A. de C.V
87 SMP Automotive Systems Alabama Inc.
88 Motherson Innovations Company Limited
89 Motherson Innovations Deutschland GmbH
90 Samvardhana Motherson Global (FZE)
91 SMR Automotive Industries RUS Limited Liability Company
92 Celulosa Fabril (Cefa) S.A.
93 Modulos Ribera Alta S.L. Unipersonal
94 Motherson Innovations Lights GmbH & Co KG
95 Motherson Innovations Lights Verwaltungs GmbH
96 PKC Group Oy
97 PKC Wiring Systems Oy
98 PKC Group Poland Sp. z o.o.
99 PKC Wiring Systems Llc
100 PKC Group APAC Limited
101 PKC Group Canada Inc.
102 PKC Group Mexico S.A. de C.V.
103 Project del Holding S.a.r.l.
104 PK Cables do Brasil Ltda
105 PKC Eesti AS
106 TKV-sarjat Oy
107 PKC SEGU Systemelektrik GmbH
108 Groclin Luxembourg S.à r.l.
109 PKC Vehicle Technology (Suzhou) Co., Ltd.
110 PKC Group Lithuania UAB
111 PKC Group Poland Holding Sp. z o.o.
112 OOO AEK
113 Kabel-Technik-Polska Sp. z o.o.
114 AEES Power Systems Limited partnership
115 T.I.C.S. Corporation
116 Fortitude Industries Inc.
117 AEES Manufactuera, S. De R.L de C.V.
118 Cableodos del Norte II, S. de R.L de C.V.
119 Manufacturas de Componentes Electricos de Mexico S. de R.L de C.V.
120 Arneses y Accesorios de México, S. de R.L de C.V.
121 Asesoria Mexicana Empresarial, S. de R.L de C.V.
122 Arneses de Ciudad Juarez, S. de R.L de C.V.
123 PKC Group de Piedras Negras, S. de R.L. de C.V.
124 PKC Group AEES Commercial S. de R.L de C.V
125 Jiangsu Huakai-PKC Wire Harness Co., Ltd.
126 PKC Vechicle Technology (Hefei) Co, Ltd.
127 Shangdong Huakai-PKC Wire Harness Co. Ltd.
128 Shenyang SMP Automotive Plastic Component Co. Ltd.
129 Tianjin SMP Automotive Component Company Limited
130 SMRC Automotive Holdings B.V.
131 SMRC Automotive Holdings Netherlands B.V.
132 SMRC Automotives Techno Minority Holdings B.V.
133 SMRC Smart Automotive Interior Technologies USA, LLC
134 SMRC Automotive Modules France SAS
135 Samvardhana Motherson Reydel Automotive Parts Holding Spain, S.L.U.
136 SMRC Automotive Interiors Spain S.L.U.

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137 SMRC Automotive Interior Modules Croatia d.o.o
138 Samvardhana Motherson Reydel Autotecc Morocco SAS
139 SMRC Automotive Technology RU LLC
140 SMRC Smart Interior Systems Germany GmbH
141 SMRC Automotive Interiors Products Poland SA
142 SMRC Automotive Solutions Slovakia s.r.o.
143 SMRC Automotive Holding South America B.V.
144 SMRC Automotive Modules South America Minority Holdings B.V.
145 SMRC Automotive Tech Argentina S.A.
146 SMRC Fabricação e Comércio de Produtos Automotivos do Brasil Ltda
147 SMRC Automotive Products India Limited
148 SMRC Automotive Interiors Management B.V. (liquidated w.e.f. March 24, 2021)
149 SMRC Automotive Smart Interior Tech (Thailand) Ltd.
150 SMRC Automotive Interiors Japan Ltd.
151 Shanghai SMRC Automotive Interiors Tech Consulting Co. Ltd.
152 PT SMRC Automotive Technology Indonesia
153 Yujin SMRC Automotive Techno Corp.
154 SMRC Automotives Technology Phil Inc.
155 Motherson Innovations LLC, USA
156 Motherson Ossia Innovations LLC, USA
157 Samvardhana Motherson Corp Management Shanghai Co Ltd.
158 Motherson Rolling Stock Systems GB Ltd.
159 Motherson PKC Harness Systems FZ-LLC
160 Wisetime Oy
161 Re-time Pty Limited
162 Motherson Sumi Wiring India Limited
163 SMP Automotive Interior Modules d.o.o. Ćuprija, Serbia
164 Motherson Rolling Stocks S. de R.L. de C.V.
165 Shenyang SMP Automotive Trim Co., Ltd., China
166 Motherson Business Service Hungary Kft
167 PKC Vehicle Technology (Fuyang) Co., Ltd.
168 Motherson Polymers Compounding Solution Limited (merged with Motherson Sumi Systems Limited on September 30, 2020)
169 MSSL M Tooling Ltd (liquidated w.e.f. 30.10.2020)
170 Samvardhana Motherson Polymers Management Germany GmbH (merged with MSSL GmbH on August 30, 2019)
171 PKC Netherlands Holding B.V. (Liquidated on July 31, 2019)
172 PK Cables Nederland B.V. (Liquidated on July 31, 2019)
173 SMR Automotive Servicios Mexico S.A. de C.V. (liquidated on July 2, 2019)
174 SMR Automotive Systems USA Inc.
175 SMR Automotive Mirror International USA Inc.

c. Other related parties

1 Samvardhana Motherson International Limited
2 Motherson Auto Ltd.
3 Motherson Sumi Infotech and Designs Limited
4 MSID US Inc
5 Saks Ancillaries Limited
6 Motherson Air Travel Agency GmbH
7 Motherson Auto Engineering Service Ltd.
8 Samvardhana Motherson Virtual Analysis Ltd.
9 Motherson Advanced Tooling Solutions Ltd
10 Anest Iwata Motherson Limited
11 Anest Iwata Motherson Coating Equipment Pvt Ltd
12 Motherson Consultancies Service Limited
13 Samvardhana Motherson Auto Component Pvt. Ltd.
14 Matsui Technologies India Limited
15 Kyungshin Industrial Motherson Private Limited
16 Calsonic Kansei Motherson Auto Products Private Limited
17 Motherson Air Travel Agencies Limited
18 Samvardhana Motherson Auto System Pvt. Ltd.
19 MS Global India Automotive Private Limited
20 Samvardhana Motherson Adsys Tech Limited
21 MothersonSumi Infotekk And Designs GmbH
22 MothersonSumi Infotech And Designs SG Pte Ltd
23 MothersonSumi Infotech And Designs KK
24 Motherson Infotek Designs Mid East FZ-LLC
25 Motherson Infotech and Solutions UK Limited, U.K.
26 SMI Consulting Technologies Inc
27 Motherson Information Technologies Spain S.L.U.
28 Motherson Sintermetal Technology Ltd.
29 Motherson Sintermetal Technology B.V.
30 Motherson Sintermetal Products S.A.
31 Samvardhana Motherson Innovative solutions Limited (erst Tiger connect)

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32 Motherson Machinery and Automations Ltd.
33 Samvardhana Motherson Finance Services Cyprus Ltd.
34 Samvardhana Motherson Refrigeration Product Ltd. (Zanotti Refrigeration)
35 Samvardhana Motherson Holding (M) Pvt. Ltd. Mauritius
36 Motherson Invenzen XLab Pvt. Ltd.
37 Motherson Moulds and Diecasting Ltd.
38 Samvardhana Motherson Health Solution Limited
39 Samvardhana Motherson Global Carriers Limited
40 Samvardhana Motherson Hamakyorex Engineered Logistics Ltd. (erst 4PL Value)
41 Samvardhana Motherson Maadhyam International Limited
42 Samvardhana Employees Welfare Trust
43 Motherson Techno Tools Ltd.
44 Motherson Techno Tools Mideast (FZE)
45 CTM India Limited.
46 Hubei Zhengao PKC Automotive wiring Company Ltd.
47 Eissmann SMP Automotive Interieur Slovensko s.r.o.
48 Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd.
49 Chongqing SMR Huaxiang Automotive Products
50 Tianjin SMR Huaxiang Automotive Part Co. Limited
51 Valeo Motherson Thermal Commercial Vehicle India Ltd. (formerly Spheros)
52 Nissin Advanced Coating Indo Co. Pvt. Ltd.
53 Fritzmeier Motherson Cabin Engineering Pvt. Ltd.
54 Marelli Motherson Automotive Lighting India Private Ltd.
55 Marelli Motherson Auto Suspension Parts Pvt Ltd
56 AES (India) Engineering Ltd.
57 Frigel Intelligent Cooling Systems India Pvt. Ltd.
58 Motherson Bergstrom HVAC Solutions Pvt. Ltd.
59 Youngshin Motherson Auto Tech Limited

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(All amounts in USD'000, unless otherwise stated)

B Details of transactions, in the ordinary course of business at commercial terms, and balances with related parties as mentioned in 36 (A) above:

a. Transactions with related parties

S.No.	Particulars	Holding and Ultimate Holding Company		Fellow Subsidiaries		Other related parties		Total	
		March 31, 2021	March 31, 2020	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020
1	Sales of products	**159**	184	**12,305**	13,380	-	-	**12,464**	13,564
2	Purchases of raw material	**114**	49	**6,484**	9,469	-	-	**6,598**	9,518
3	Contract manufacturing cost	-	-	**130,196**	164,647	-	-	**130,196**	164,647
4	Legal and professional expenses & travelling expenses *	**2,856**	4,001	**1,358**	1,302	**27**	4	**4,241**	5,307
5	Finance costs	-	-	**578**	972	-	-	**578**	972

* Includes cost paid for the management support provided by designated key managerial personnel at Motherson Group level

b. Outstanding balances as at year end

S.No.	Particulars	Holding and Ultimate Holding Company			Fellow Subsidiaries			Other related parties			Total		
		March 31, 2021	March 31, 2020	April 01, 2019	**March 31, 2021**	March 31, 2020	April 01, 2019	**March 31, 2021**	March 31, 2020	April 01, 2019	**March 31, 2021**	March 31, 2020	April 01, 2019
1	Trade payables	**1,190**	5,130	243	**24,495**	31,590	33,372	-	-	-	**25,685**	36,720	33,615
2	Trade receivables	**95**	7	94	**2,924**	3,393	3,282	-	-	-	**3,019**	3,400	3,376
3	Receivable from related party	**111,693**	108,795	51,979	**3,995**	4,671	2,197	-	-	-	**115,688**	113,465	54,176
4	Advances to related party	**40**	454	840	**254**	872	895	-	-	-	**294**	1,326	1,735
5	Interest payable	-	-	-	**1,003**	331	149	-	-	-	**1,003**	331	149
6	Borrowings from related party	-	-	-	**32,120**	17,749	18,341	-	-	-	**32,120**	17,749	18,341

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(All amounts in USD'000, unless otherwise stated)

37 Segment information

The Company is primarily in the business of manufacture and sale of components to automotive original equipment manufacturers.

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker "CODM" of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments. The Company has monthly review and forecasting procedure in place and CODM reviews the operations of the Company as a whole, hence there are no reportable segments as per Ind AS 108 "Operating Segments".

Disaggregated information

	March 31, 2021	March 31, 2020
i) Revenue from external customers		
United States	235,585	362,682
Outside United States	153,979	193,085
	389,564	555,767

	March 31, 2021	March 31, 2020
ii) Type of goods or services		
Sales of goods	385,442	547,168
Tool development	4,122	8,599
	389,564	555,767

	March 31, 2021	March 31, 2020
iii) Timing of revenue recognition		
At a point in time	385,442	547,168
Over a period of time	4,122	8,599
	389,564	555,767

	March 31, 2021	March 31, 2020
iv) Capital expenditure	8,406	10,573
	8,406	10,573

	March 31, 2021	March 31, 2020
v) Revenues from transactions with a single external customer amounting to 10 percent or more of the Company's revenues is as follows:		
Customer 1	115,922	149,179
Customer 2	112,132	159,268
	228,053	308,447

38 Capital and other commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	March 31, 2021	March 31, 2020	April 01, 2019
Property, plant and equipment			
Estimated value of contracts in capital account remaining to be executed	425	1,326	1,735

39 Ind AS 115 revenue from contracts with customers

Effective April 1, 2018, the Company has adopted Ind AS 115, 'Revenue from Contracts with Customers', with a modified retrospective approach. The management has evaluated the implications of implementation of new standard on its revenue and has made appropriate adjustments to these results where significant. In certain contracts, it has been assessed that the Company is acting as an agent and therefore, revenue from sales of goods has been recognised excluding the cost of components sold.

The transaction price allocated to the remaining performance obligations related to tool development (unsatisfied or partially unsatisfied) are, as follows:

	March 31, 2021	March 31, 2020
Within one year	2,796	1,670
More than one year	1,741	2,248

There are no contract liabilities as at the beginning of the year.

The table below represents summary of contract assets and liabilities relating to contracts with customers:

	March 31, 2021	March 31, 2020
Receivables	39,153	34,598
Contract assets	2,719	2,286
Contract liabilities	2,132	-

40 Leases

The Company elected to apply Ind AS 116, Leases, with effect from April 01, 2019, using the modified retrospective method. The Company assesses each lease contract and if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the Company recognised right to use assets and lease liabilities for those lease contracts except for short-term lease and lease of low-value assets.

The Company has leases contracts for building, plant & machinery, computers and vehicles. These lease arrangements for buildings are for a period upto 7 years, plant & machinery and computers are for a period upto 5 years and vehicles are for a period upto 7 years. The Company also has certain leases of machinery, computers, vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The carrying amounts of right to use assets and lease liabilities is given below:

	March 31, 2021	March 31, 2020	April 01, 2019
Right of use assets	5,379	4,479	5,889
Current lease liabilities	1,004	1,171	1,441
Non current lease liabilities	4,580	3,432	4,448

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(All amounts in USD'000, unless otherwise stated)

Amount recognised in statement of profit and loss during the year on account of Ind AS 116

	March 31, 2021	March 31, 2020
Interest expense on lease liabilities (included in finance cost)	254	250
Depreciation of right of use assets	1,415	1,582
Lease expense derecognised	1,588	1,709
Other items included in statement of profit and loss during the year:		
Short term and low value lease payments	1,334	1,459

41 Offsetting Financial Assets and Financial Liabilities

The Company does not have any offsetting financial assets and liabilities.

42 First time adoption of Ind AS

These are the Company's first standalone financial statements prepared in accordance with Ind AS The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2021, the comparative information presented in these financial statements for the year ended March 31, 2020 and preparation of an opening Ind AS balance sheet at April 01, 2019 (the Company's date of transition)

In previous years, management had prepared the financial information of the Company for the purpose of consolidated financial statements prepared under Ind AS, of its ultimate holding company, namely Motherson Sumi Systems Limited. However, no complete set of separate financial statements had been issued until now. Therefore, these financial statements are considered as "First time" adopted financial statements in accordance with Ind AS 101.

For the purpose of preparing these first Ind AS financial statements, the Company has elected to measure all its assets and liabilities at the values which were reported in the consolidated financial statements prepared under Ind AS, of its ultimate holding company, namely Motherson Sumi Systems Limited System Limited, by availing the "Deemed Cost" exemption as per Para D16 of Ind AS 101, as per which if a subsidiary becomes a first-time adopter of Ind AS later than its parent company, it is permitted to measure its assets and liabilities at the same amounts that were included in Parent's consolidated financial statements for the same period, other than adjustments recorded based on consolidation procedures and business combination accounting.

For assets and liabilities which are not included in Consolidated Financial Statements of Motherson Sumi system Limited, the financial information has been prepared according to the applicable provisions of Indian Accounting Standards during the previous years and therefore, no impact of transition at the date of first time adoption has been noted. Therefore, there are no reconciliation items as on the date of transition

43 Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company's operations for the year ended March 31, 2021 have been impacted partially by the outbreak of COVID-19 pandemic and the consequent lockdown announced by federal and state governments, due to which the operations were suspended for a large part of first quarter of the financial year and resumed gradually with prescribed regulations and precautions and reached upto the pre-pandemic outbreak levels. Accordingly, the financial statements for the year ended March 31, 2021 are not strictly comparable with those of previous years.

The Company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to fulfil its performance obligations under the contract with customers,(ii) revision of estimations of costs to complete the contract because of additional efforts; (iii) termination or deferment of contracts by customers. The Company concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets and liabilities. 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 of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future demand of its products. The Company has performed analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements

44 Amounts appearing as zero "0" in financial are below the rounding off norm adopted by the Company.

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

S. R. BATLIBOI & CO. LLP GURUGRAM

per Pankaj Chadha
Partner
Membership No.: 091813
Place: Gurugram, Haryana, India
Date: September 14, 2021

For and on behalf of the Board

Sukant Gupta
Director
Place: Houston
Date: September 13, 2021

Thomas McHugh
VP and CFO
Place: Farmington Hills, MI
Date: September 11, 2021

Pankaj.

Pankaj Mital
Director
Place: Noida
Date: September 13, 2021