
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of PCL (International) Holding B.V.

We have audited the accompanying consolidated Ind AS special purpose financial information of PCL (International) Holding B.V. (hereinafter referred to as 'the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') comprising of the special purpose consolidated Balance Sheet as at 31 March 2020, the consolidated Special Purpose Statement of Profit and Loss including other comprehensive income, the consolidated Special Purpose Cash Flow Statement, the consolidated Special Purpose Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated Ind AS financial information').

The special purpose consolidated Ind AS financial information have been prepared by the management in accordance with the basis of preparation as set out in note 2.1 to the Special Purpose Consolidated Ind AS Financial Information.

Management's Responsibility for the Financial Information

The Board of Directors of the Company is responsible for the preparation of the special purpose consolidated Ind AS financial information in accordance with the basis of preparation as set out in note 2.1 to the Special Purpose consolidated Ind AS Financial Information. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Special Purpose Consolidated Ind AS financial Information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose consolidated Ind AS financial information based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose consolidated Ind AS financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose consolidated Ind AS financial information 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose consolidated Ind AS financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information of PCL (International) Holding B.V. for the year ended 31 March 2020 are prepared, in all material respects, in accordance with the basis of preparation as set out in note 2.1 to the Special Purpose Consolidated Ind AS Financial Information.



Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2.1 to the Special Purpose Consolidated Ind AS Financial Information, which describes the basis of accounting. These Special Purpose Consolidated Ind AS Financial Information have been prepared by the management of the Company for the purpose of providing information to Precision Camshafts Limited ("PCL") to prepare consolidated financial statements for the year ended 31 March 2020 and may not be suitable for another purpose. Our report is intended solely for the Company and should not be distributed to or used by parties other than Company.

For G S Gaikwad & Co.
Chartered Accountants
ICAI Firm Registration Number: 147093W
UDIN-20136512AAAAAQ8006


per Ganesha Gaikwad
Partner

Membership Number: 136512
UDIN-20136512AAAAAQ8006



Place of Signature: Pune
Date: 22 June 2020

PCL (International) Holding B.V.
Consolidated Balance Sheet as at March 31, 2020
(All amounts in rupees unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	79,40,98,134	57,78,25,565
(b) Capital work-in-progress	3	24,17,52,553	17,57,69,437
(c) Intangible assets	3a	74,33,04,377	82,64,37,117
(d) Goodwill on acquisition	3a	2,59,96,190	22,97,80,667
(e) Deferred Tax Asset	13	29,12,030	27,54,184
Total non-current assets		1,80,80,63,284	1,81,25,66,970
II. Current assets			
(a) Inventories	6	91,09,94,603	63,25,37,054
(b) Financial assets			
(i) Trade receivables	7	52,77,11,824	34,57,22,821
(ii) Cash and cash equivalents	8	1,49,53,009	9,25,32,820
(iii) Other financial assets	4	10,52,81,179	34,02,27,328
(d) Other current assets	5	2,80,39,331	9,98,58,145
Total current assets		1,58,69,79,946	1,51,08,78,170
Total Assets		3,39,50,43,231	3,32,34,45,140
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	9	34,70,91,047	30,97,65,614
(b) Other equity			
(i) Retained earnings	10	(49,33,20,959)	(11,95,19,077)
(ii) Capital Reserve	10	14,12,01,564	14,12,01,564
(iii) Foreign currency translation reserve	10	1,73,03,256	(52,62,665)
Total Equity attributable to equity holders of Holding company		1,22,74,908	32,61,85,436
Non Controlling interest	10	32,17,34,204	41,49,75,744
Total Equity		33,40,09,112	74,11,61,180
Liabilities			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	11	1,97,76,23,245	1,41,32,21,816
(ii) Other financial liabilities	12	1,56,29,591	-
(c) Deferred tax liabilities (net)	13	15,81,35,713	17,58,99,502
Total non-current liabilities		2,15,13,88,548	1,58,91,21,318
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	11	13,18,12,028	17,34,87,825
(ii) Trade payables	14	42,12,36,603	27,80,74,539
(iii) Other financial liabilities	12	18,40,39,066	9,23,42,947
(b) Other current liabilities	15	17,25,57,873	44,92,57,330
Total current liabilities		90,96,45,571	99,31,62,642
Total liabilities		3,06,10,34,119	2,58,22,83,960
Total Equity and Liabilities		3,39,50,43,231	3,32,34,45,140

Summary of significant accounting policies

2

The accompanying notes are an integral part of the Consolidated financial statements.

For G S GaiKWAD & Co.
Chartered Accountants
ICAI Firm Registration Number: 14709/W

per GaiKWAD & Co.
Partner
Membership Number: 136512

Place: Pune
Date: June 22, 2020



For and on behalf of the Board of Directors of
PCL (International) Holding B.V.

Yatin S Shah
Director
DIN : 00318140

Place: Solapur
Date: June 22, 2020

Ravindra R Joshi
Director
DIN : 03338134

Place: Solapur
Date: June 22, 2020

PCL (International) Holding B.V.
 Consolidated Statement of Profit and Loss for the year ended 31 March 2020
 (All amounts in rupees unless otherwise stated)

Particulars	Notes	March 31, 2020	March 31, 2019
Income			
Revenue from operations	16	2,62,75,68,337	2,26,04,01,837
Other income	17	2,06,11,986	1,67,05,210
Total Revenue (I)		2,64,81,80,323	2,27,71,07,046
Expenses			
Cost of raw materials and components consumed	18	1,49,69,11,511	95,64,95,824
(increase) / decrease in inventories of finished goods and work-in-progress	19	(7,20,77,778)	(5,19,27,726)
Employee benefits expenses	20	63,99,38,777	58,93,58,117
Other expenses	21	51,23,52,242	62,20,80,371
Total expenses (II)		2,57,71,24,751	2,11,60,06,586
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		7,10,55,572	16,11,00,461
Finance costs	22	6,70,91,744	5,54,42,993
Depreciation and amortisation expense	23	28,93,14,949	25,23,08,986
Profit before exceptional items and tax		(28,53,51,121)	(14,66,51,519)
Exceptional items			
Impairment of Goodwill on Consolidation	24	20,83,28,428	-
Profit before tax		(49,36,79,549)	(14,66,51,519)
Deferred tax	13	(2,66,36,129)	(2,40,10,214)
Total tax expenses		(2,66,36,129)	(2,40,10,214)
Loss for the year [i]		(46,70,43,421)	(12,26,41,305)
Other comprehensive income			
A. Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	26	2,25,65,921	(48,29,859)
Total other comprehensive income for the year, net of tax [II]		2,25,65,921	(48,29,859)
Total comprehensive income for the year, net of tax [i+ii]		(44,44,77,500)	(12,74,71,164)
Loss for the year		(46,70,43,421)	(12,26,41,305)
Attributable to:			
Equity holders of the Holding Company		(37,38,01,882)	(7,81,76,566)
Non Controlling interests		(9,32,41,539)	(4,44,64,738)
Total other comprehensive income		2,25,65,921	(48,29,859)
Attributable to:			
Equity holders of the Holding Company		2,25,65,921	(48,29,859)
Non Controlling interests		-	-
Total Comprehensive loss for the year		(44,44,77,500)	(12,74,71,164)
Attributable to:			
Equity holders of the Holding Company		(35,12,35,961)	(8,00,30,622)
Non Controlling interests		(9,32,41,539)	(4,44,64,738)
Total Comprehensive loss for the year		(44,44,77,500)	(12,44,95,361)

For G S GaiKwad & Co.
 Chartered Accountants
 ICAI Firm Registration Number: 167093W

per GaiKwad
 Partner
 Membership Number: 136512

Place: Pune
 Date: June 22, 2020



For and on behalf of the Board of Directors of
 PCL (International) Holding B.V.

Yatin S Shah
 Director
 DIN : 00318140

Place: Solapur
 Date: June 22, 2020

Ravindra R. Joshi
 Director
 DIN : 03338134

Place: Solapur
 Date: June 22, 2020

PCL (International) Holding B.V.
 Consolidated Statement of Cash flows for the year ended March 31, 2020
 (All amounts in rupees unless otherwise stated)

Particulars	Notes	March 31, 2020 In Rs.	March 31, 2019 In Rs.
Cash flows from operating activities			
Profit/(loss) before tax		(49,36,79,549)	14,66,51,519
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment	23	15,48,45,873	13,20,38,990
Amortisation and impairment of intangible assets	23	13,44,69,076	12,02,69,997
Impairment of Goodwill	24	20,83,28,428	-
Profit on disposal of property, plant and equipment	17	(47,58,140)	-
Finance costs	22	6,70,36,573	5,54,42,993
		6,62,42,260	16,11,00,461
Working capital adjustments:			
(Increase) / decrease in other current assets	5	7,18,18,814	(8,58,28,923)
Decrease / (increase) in other financial assets	4	23,49,46,149	(33,21,26,200)
Decrease in other current liabilities	15	(27,66,99,457)	44,12,52,854
Increase / (decrease) in other financial liabilities	12	2,69,21,132	(39,32,84,295)
(Increase) / decrease in trade receivables and prepayments	7	(18,19,89,003)	(10,47,44,041)
Decrease / (increase) in inventories	6	(27,84,57,549)	(37,66,48,963)
Increase in trade payables	14	14,31,62,065	16,28,31,894
		(19,40,55,589)	(52,74,47,215)
Income taxes paid (net of refunds)		-	-
Net cash flows generated from operating activities		(19,40,55,589)	(52,74,47,215)
Cash flows from Investing activities			
Proceeds from sale of property, plant and equipment	3, 3a	2,10,32,698	-
Subsidy for property, plant and equipment	3, 3a	3,37,97,426	-
Purchase of property, plant and equipment	3, 3a	(50,30,50,109)	(1,20,22,15,835)
Acquisition of Subsidiaries		-	50,77,91,512
Net cash flows used in Investing activities		(44,82,19,984)	(69,44,24,323)
Cash flow from financing activities			
Interest paid	22	(4,91,56,369)	(5,54,42,993)
Proceeds from issue of equity shares (including securities premium)	9	3,73,25,433	8,83,65,300
Proceeds from borrowings	11	67,54,25,098	97,89,71,982
Repayment of borrowings	11	(7,97,88,525)	(3,82,57,400)
Proceeds/(repayment) of short term borrowings (net)	11	(4,16,75,797)	17,34,30,599
Net cash flows (used in)/generated from financing activities		54,21,29,841	1,14,70,67,487
Net decrease in cash and cash equivalents		(10,01,45,732)	(7,48,04,051)
Net foreign exchange difference		2,25,65,921	(48,29,859)
Cash and cash equivalents at the beginning of the year		9,25,32,820	17,21,66,730
Cash and cash equivalents as at year end		1,49,53,009	9,25,32,820



PCL (International) Holding B.V.
 Consolidated Statement of Cash flows for the year ended March 31, 2020
 (All amounts in rupees unless otherwise stated)

Particulars	Notes	March 31, 2020 In Rs.	March 31, 2019 In Rs.
Components of cash and cash equivalents:			
Balances with banks:			
On current accounts	8	1,48,84,376	9,24,48,014
Cash in hand	8	68,632	84,807
Cash and cash equivalents at year end		1,49,53,009	9,25,32,820

Summary of significant accounting policies

2

The accompanying notes are an integral part of the Consolidated financial statements.

For G S Gaikwad & Co.
 Chartered Accountants
 ICAI Firm Registration Number:147093W



per Ganesh Gaikwad
 Partner
 Membership Number: 136512

Place: Pune
 Date: June 22, 2020



For and on behalf of the Board of Directors of
 PCL (International) Holding B.V.



Yatin S Shah
 Director
 DIN. 00318140

Place: Solapur
 Date: June 22, 2020



Ravindra R Joshi
 Director
 DIN : 03338134

Place: Solapur
 Date: June 22, 2020

PCL (International) Holding B.V.
Consolidated Statement of changes in Equity for the year ended March 31, 2020
(All amounts in rupees unless otherwise stated)

A. Equity Share Capital

Equity shares of EURO 1 each issued, subscribed and fully paid

	Amount in Rupees
At 1 April 2018	22,14,00,314
Issued during the year	8,83,65,300
At 31 March 2019	30,97,65,614
Issued during the year	3,73,25,433
At 31 March 2020	34,70,91,047

B. Other Equity

Particulars	Attributable to equity holders of the parent				Non-controlling interests	Total equity
	Reserves and Surplus	Items of OCI		Total		
		Retained Earnings	Foreign currency translation reserve			
	Note 10	Note 10	Note 10	Note 10		
As at 1 April 2018	(4,13,42,510)	-	14,12,01,564		45,94,40,482	55,92,99,536
Loss for the year	(7,81,76,566)	-	-		(4,44,64,738)	(12,26,41,305)
Other comprehensive income for the year, net of tax	(7,81,76,566)	(52,62,665)	-		-	(52,62,665)
Total Comprehensive income for the year	(7,81,76,566)	(52,62,665)	-	-	(4,44,64,738)	(12,26,41,305)
As at March 31, 2019	(11,95,19,077)	(52,62,665)	14,12,01,564		41,49,75,744	43,13,95,566
Loss for the year	(37,38,01,882)	-	-		(9,32,41,539)	(46,70,43,421)
Other comprehensive income for the year, net of tax	(37,38,01,882)	2,25,65,921	-		-	2,25,65,921
Total Comprehensive income for the year	(37,38,01,882)	2,25,65,921	-	-	(9,32,41,539)	(44,44,77,500)
As at March 31, 2020	(49,33,20,959)	1,73,03,256	14,12,01,564		32,17,34,205	(1,30,81,934)

Summary of significant accounting policies

The accompanying notes are an integral part of the Consolidated financial statements.

For G S Gaikwad & Co.
Chartered Accountants
Firm Registration Number: 147093W



Prof. Ganesh Gaikwad
Partner
Membership Number: 136512

Place: Pune
Date: June 22, 2020

For and on behalf of the Board of Directors of
PCL (International) Holding B.V.

Yatin S Shah
Director
DIN: 00318140

Place: Solapur
Date: June 22, 2020

Ravindra R Joshi
Director
DIN: 03338134

Place: Solapur
Date: June 22, 2020

Note 1. Corporate Information

The consolidated financial statements comprise of financial statements of PCL (International) Holding B.V. ("the Company" or "the Holding Company" or "the parent company") and its subsidiaries (collectively, "the Group") for the year ended 31 March 2020. PCL (International) Holding B.V. is domiciled in Netherlands and incorporated under the provisions of the dutch laws. The Company has its office registered at Prinses Margrietplantsoen 33, 2595 AM's-Gravenhage The Netherlands.

The Special Purpose Consolidated financial statements were authorised for issue in accordance with the resolution of the Board of Directors of the Company on June 22, 2020.

Note 2. Significant accounting policies

2.1 Basis of preparation

The Special Purpose Ind AS financial information of the Company have been prepared by the management of the Company for the purpose of providing information to Precision Camshafts Limited ("PCL") to prepare its consolidated financial statements for the year ended March 31, 2020 and may not be suitable for another purpose

The Special Purpose Ind AS Financial Information comprise the Special Purpose Balance sheet as at 31 March 2020, Special Purpose Statement of Profit and Loss for the year ended 31 March 2020, Special Purpose Cash Flow Statement for the period then ended and a summary of Significant Accounting Policies and Other Explanatory Information of the Company.

The Special Purpose financial information of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India and to comply in all material respects with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended to the extent applicable to these special purpose Consolidated Financial Information.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- > Derivative financial instruments,
- > Certain financial assets and liabilities measured at fair value (refer accounting policy Note 1 of summary of significant accounting policies regarding financial instruments).

The consolidated financial statements are presented in INR except when otherwise indicated.

Disclosure of EBITDA

Ind AS compliant Schedule III allows line items, sub-line items and sub-totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance or to cater to industry/sector-specific disclosure requirements. For example, a company may present EBITDA as a separate line item on the face of the statement of profit and loss.

Measurement of EBITDA

The Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortization expense, finance income, finance costs, share of profit/ loss from joint ventures and tax expense.

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- > Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- > Exposure, or rights, to variable returns from its involvement with the investee, and .
- > The ability to use its power over the investee to affect its returns

The Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary.
- (b) Offset (eliminate) the carrying amount of the parent's investment in subsidiary and the parent's portion of equity of subsidiary.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). However intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.



Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests if any, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 Summary of significant accounting policies

a) Current versus non-current classification

The Group 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 Group 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 Group has identified twelve months as its operating cycle.

b) Foreign currencies

The Group's consolidated financial statements are presented in INR which is the Group's presentation currency and the functional currency.

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

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

c) Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Group. 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 Group 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 consolidated 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 consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group 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. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.



Disclosures for valuation methods, significant estimates and assumptions (refer note 33)
Quantitative disclosures of fair value measurement hierarchy (refer note 32)
Financial instruments (including those carried at amortised cost (refer note 4, 12, 33)

d) Revenue recognition

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 Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Sale of products

The Company is a leading manufacturer and supplier of automobile camshafts - for passenger vehicles, tractors, LCVs, locomotive engines, railways. majority of the camshafts are sold to OEMs. Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

Camshafts are developed according to the requirements of customer. There are three types of contracts entered into by the customers with company. • Tooling contract: for development of pattern used in manufacturing of camshafts. • Purchase contract: for purchase of camshafts. • Job work contract: for machining of camshafts.

For purchase contracts, the Group has identified a single performance obligation i.e. supply of camshaft, which gets completed at point in time. The Group recognizes revenue relating to it on transfer of control based on delivery terms. For job work contracts, the Group has identified a single performance obligation i.e. completion of job work, which gets completed at point in time. The company recognizes revenue relating to it on transfer of control. For tooling contracts, the company has identified a single performance obligation i.e. The Company has enforceable right to payment for tools developed when the tool is approved by the customer and accordingly the revenue from tooling is recognized at a point in time post approval by the customer.

Revenue from Engineering, procurement and construction contracts

In case of revenue from fixed price EPC contracts for vehicle conversion contracts and customised kits, the performance obligation is satisfied progressively over the construction period. The Group's progress towards completion is measured based on the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Payment is due as per the achievement of contractual milestones.

The estimates of contract cost and the revenue thereon are reviewed periodically by management and the cumulative effect of any changes in estimates is recognised in the period in which such changes are determined. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised immediately as an expense in the statement of profit and loss.

e) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- > 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
- > In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- > When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of 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.
- > In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



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 measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

f) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any; and capital work in progress is stated at cost. Such cost includes 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 Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised 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 recognised in profit or loss as incurred.

The Group has measured land and buildings of subsidiary MFT Motoren Und Fahrzeugtechnik GmbH (Germany) (MFT) classified as property, plant and equipment at fair values as required under Ind AS-103 "Business Combination". The Group engaged independent valuation specialists to assess fair value for land and buildings as at March 31, 2018 for MFT. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property as at the date of revaluation.

The Group has measured IP Software, IP Technology Customer Relationships & Residual as Goodwill of subsidiary EMOSS Mobile Systems B.V. (EMOSS) classified as intangibles at fair values as required under Ind AS-103 "Business Combination". The Group engaged independent valuation specialists to assess fair value for land and buildings as at October 10, 2017. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property as at the date of revaluation.

Depreciation on fixed assets is calculated on a straight-line basis based on the useful lives estimated by the management.

Description of asset group	Useful lives as per management's estimate
Buildings	30 - 60 years
Plant & equipment	3 - 15 years
Office equipment	5 years
Furniture & fixture	5 to 10 years
Vehicles	5 - 8 years
Electrical Installation	10 years
Computers	3 - 5 years

The group 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.

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised except customer-supplier relationship, technical know how and R & D which are measured at fair value in accordance with Ind AS 103 "Business Combination" and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets are amortised over its useful life on a straight line basis.

Description of asset group	Useful lives as per management's estimate
Computer Software	2 - 5 years
Development	5 years
Corporate Design & New Homepage	5 years
Customer/Supplier Relationship	10 years
Tech know how	7 years
R&D	3 years



Intangible assets with finite lives are amortised over the useful economic life 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 consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 consolidated statement of profit and loss when the asset is derecognised.

h) Leases

Effective April 01, 2019, the Group adopted IND AS 116 "Leases" under the modified retrospective approach without restatement of comparatives. The Group elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IND AS 116, the Group recognizes right-of-use assets and lease liabilities for most leases.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the entities incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee; and
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

i) Inventories

Inventories are valued at lower of their cost and net realisable value.

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

- > Raw materials are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories is not written down below cost of the finished product in which they will be incorporated are expected to be sold at or above cost. Cost of raw material is determined on a weighted average basis.
- > Finished goods and semi finished goods: Finished goods are valued at lower of cost and net realizable Value. cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on a weighted average basis.
- > Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.



j) Impairment of non-financial assets

The Group 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 Group 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 group 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 Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group'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.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the consolidated statement of profit and loss.

For assets, 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 Group 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 or loss.

k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, 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.

l) Financial instruments:

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus transaction costs attributable to the acquisition of the financial asset, except in the case of financial assets not recorded at fair value through profit or loss.

Subsequent measurement

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

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

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

This category is the most relevant to the Group. 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 financial assets. For more information on receivables, refer note 4.

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 Group 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').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the consolidated statement of profit and loss.



All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group 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 statement of profit & loss, even on sale of investment. However, the Group 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 statement of profit and loss.

Derecognition

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

- > The rights to receive cash flows from the asset have expired, or
- > The Group 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 Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group has retained.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i) Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, deposits, trade receivables, bank balance and other financial assets.
- ii) 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
- iii) Loan commitments which are not measured as at FVTPL

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Group 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 Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve-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 twelve-month ECL.

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



ECL is the difference between all contractual cash flows that are due to the Group 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 ECL on

- Financial assets measured at amortised cost 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 Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group 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.

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

Subsequent measurement

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR (effective interest rate) 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.

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.

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.

m) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the financial statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, are considered to be an integral part of the Group's cash management.

n) Government grants

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

o) Segment reporting

Operating segments are reporting in a manner consistent with the internal reporting to the chief operating decision maker (CODM). The board of directors of the Group assess the financial performance and position of the group and makes strategic decisions. The Board of Directors, which are identified as a CODM, consists of chief executive officer, chief financial officer and all other executive directors.

The Group is engaged in manufacturing of autocomponents (camshafts & others) Based on similarity of activities/products, risk and reward structure, organisation structure and internal reporting systems, the Company has structured its operations into a single operating segment; however based on the geographic distribution of activities, the CODM has identified India and outside India as two reportable geographical segments. Refer note 34 for segment information presented.



q) Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the parent company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements, if any, in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjusts the figures used in the determination of basic EPS to consider :

- > The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- > The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group.

A contingent liability can arise for obligations that are possible, but it is yet to be confirmed whether there is present obligation that could lead to an outflow of resources embodying economic benefits.

The Group does not recognise a contingent liability but only makes disclosures for the same in the financial statements when the company has:

- > a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; or
- > present obligation arising from past events, when no reliable estimate is possible; or
- > a possible obligation arising from past events where the probability of outflow of resources is not remote

Contingent liabilities are reviewed at each Balance Sheet date.

s) Accounting for Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

The consideration transferred for the acquisition of a subsidiary comprises:

- > the fair values of the assets transferred
- > liabilities incurred to the former owners of the acquired business
- > equity interests issued by the group; and
- > fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- > consideration transferred;
- > amount of any non-controlling interest in the acquired entity, and
- > acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.



Note 3 - Property, plant and Equipment

Particulars	Building	Freehold Land	Inventory / machinery	Office equipment	Cars	Development new concepts	Computer- hardware	Right of use Asset	Total
At Cost									
At 31 March 2018	29,22,14,323	2,76,89,940	1,76,52,76,920	19,44,42,345	-	-	80,057	-	2,27,97,03,585
Additions	1,30,62,183	-	3,35,57,545	1,75,63,270	-	10,42,550	10,05,876	-	6,62,31,423
Acquisition of Subsidiary	(1,74,955)	-	62,96,485	6,93,557	50,54,262	6,37,81,346	22,29,603	-	7,80,55,253
Disposals	1,92,061	-	-	(4,232)	(34,99,105)	-	-	-	(36,78,292)
Foreign currency translation reserve	-	13,84,818	-	6,29,028	70,722	14,35,189	1,33,379	-	38,45,197
At 31 March 2019	30,52,93,612	2,76,89,940	1,80,65,15,768	21,33,23,967	16,25,880	6,62,59,085	34,48,915	-	2,42,41,57,166
Additions	1,26,67,912	-	29,48,37,876	2,47,37,977	-	2,83,76,798	10,10,742	-	39,21,83,319
Disposals	-	-	(8,12,03,296)	(14,00,973)	-	-	-	3,05,52,014	(8,26,04,267)
Subsidies Received	-	-	(13,37,97,426)	-	-	-	-	-	(13,37,97,426)
Capitalised during year	-	-	-	-	-	-	-	-	-
Foreign currency translation reserve	89,63,049	3,71,904	1,56,80,175	14,95,906	18,405	21,05,726	53,631	3,18,279	2,90,07,075
At 31 March 2020	32,69,24,573	2,80,61,843	2,00,20,33,096	23,81,56,878	16,44,285	9,67,41,609	45,13,288	3,08,70,293	2,72,89,45,867
Depreciation and Impairment									
At 31 March 2018	15,09,59,948	-	1,39,92,84,145	15,64,65,213	-	-	23,101	-	1,70,67,32,408
Charge for the year	1,09,24,694	-	9,16,49,399	1,54,80,687	7,46,725	1,22,90,380	9,47,104	-	13,20,38,989
Acquisition of Subsidiaries	-	-	26,38,214	1,96,988	22,33,439	35,48,243	8,67,828	-	94,84,711
Disposals	-	-	-	-	(19,24,508)	-	-	-	(19,24,508)
At 31 March 2019	16,18,84,642	-	1,49,35,71,759	17,21,42,889	10,55,656	1,58,38,623	18,38,033	-	1,84,63,31,601
Charge for the year	1,03,77,995	-	10,19,62,387	1,90,45,641	3,14,582	1,26,86,128	31,05,082	73,54,025	15,48,45,841
Disposals	-	-	(6,49,28,780)	(14,00,930)	-	-	-	-	(6,63,29,709)
At 31 March 2020	17,22,62,637	-	1,53,06,05,366	18,97,87,600	13,70,238	2,85,24,751	49,43,114	73,54,025	1,93,48,47,732
Net Book Value									
At 31 March 2020	15,46,61,936	2,80,61,843	47,14,27,730	4,83,69,278	2,74,048	6,82,16,858	(4,29,826)	2,35,16,267	79,40,98,134
At 31 March 2019	14,34,08,970	2,76,89,940	31,29,44,009	4,11,81,078	5,70,224	5,04,20,462	16,10,882	-	57,78,25,565



Net Book Value
31 March 2020 31 March 2019
Plant, property and equipment 79,40,98,134 57,78,25,565
Capital work in progress 24,17,52,553 17,57,69,437

Asset under construction
Capital work in progress (CWIP) comprises cost of assets that are not yet installed and ready for their intended use as at the balance sheet date. Capital work in progress as at 31 March 2020 comprises expenditure for the plant and machinery in the course of construction.

PCL (International) Holding B.V.
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in rupees unless otherwise stated)

Note 3a: Intangible assets

Particulars	Goodwill	Development	Computer-software	Customer relation	Technical Know how	IP Technology	Total	Goodwill on consolidation
At Cost								
At 31 March 2018	-	-	2,34,98,255	66,34,657	66,45,473	-	3,67,78,385	-
Additions	-	1,71,06,734	59,97,745	-	-	-	2,31,04,479	-
Acquisition of Subsidiary	62,20,631	2,96,74,484	11,88,372	17,52,39,806	35,04,79,611	35,04,79,611	91,32,82,515	22,97,80,667
Foreign currency translation reserve	2,82,889	7,00,893	1,34,044	-	-	-	11,17,826	-
At 31 March 2019	65,03,520	4,74,82,111	3,08,18,416	18,18,74,463	35,71,25,085	35,04,79,611	97,42,83,206	22,97,80,667
Additions	-	83,95,536	15,68,648	-	-	-	99,64,184	-
Foreign currency translation reserve	73,622	23,12,590	3,53,640	79,18,679	1,54,97,545	1,52,16,198	4,13,72,275	45,43,951
At 31 March 2020	65,77,142	5,81,90,238	3,27,40,704	18,97,93,142	37,26,22,629	36,56,95,810	1,02,56,19,665	23,43,24,618
Depreciation and impairment								
At 31 March 2018	-	-	2,00,38,428	-	-	-	2,00,38,428	-
Charge for the year	12,91,638	27,16,208	19,13,808	2,32,22,561	4,60,53,019	4,50,72,763	12,02,69,997	-
Acquisition of Subsidiaries	29,30,983	40,49,504	5,57,183	-	-	-	75,37,670	-
At 31 March 2019	42,22,622	67,65,711	2,25,09,419	2,32,22,561	4,60,53,019	4,50,72,763	14,78,46,094	-
Charge for the year	12,58,330	50,48,414	5,37,501	2,58,68,784	5,13,55,574	5,04,00,592	13,44,69,194	-
Disposals	-	-	-	-	-	-	-	-
Impairment of Goodwill*	-	-	-	-	-	-	-	20,83,28,428
At 31 March 2020	54,80,951	1,18,14,125	2,30,46,920	4,90,91,344	9,74,08,593	9,54,73,355	28,23,15,288	20,83,28,428
Net Block								
At 31 March 2020	10,96,191	4,63,76,113	96,93,785	14,07,01,798	27,52,14,036	27,02,22,455	74,33,04,377	2,59,96,190
At 31 March 2019	22,80,898	4,07,16,401	83,08,998	15,86,51,903	31,10,72,067	30,54,06,849	82,64,37,117	22,97,80,668

*During the year ended March 31, 2020, the Company has impaired goodwill on acquisition of Emiss Mobile System B.V. of Rs. 20,83,28,428



PCL (International) Holding B.V.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in rupees unless otherwise stated)

NOTE 4: Other financial assets

Particulars	As at March 31, 2020 INR	As at March 31, 2019 INR
Receivable from customers	10,08,75,763	33,63,17,240
Other receivables	44,05,416	39,10,088
Total other financial assets	10,52,81,179	34,02,27,328
Non-current	-	-
Current	10,52,81,179	34,02,27,328
	<u>10,52,81,179</u>	<u>34,02,27,328</u>
Total Financial assets	10,52,81,179	34,02,27,328
Break up of financial assets carried at amortised cost		
Particulars	As at March 31, 2020 INR	As at March 31, 2019 INR
Trade receivables (Note 7)	52,77,11,824	34,57,22,821
Cash and Cash equivalents (Note 8)	1,49,53,009	9,25,32,820
Other Bank balances (Note 8)	-	-
Other financial assets	10,52,81,179	34,02,27,328
Total financial assets carried at amortised cost	64,79,46,012	77,84,82,969



PCL (International) Holding B.V.
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in rupees unless otherwise stated)

Note 5: Other Assets

Particulars	As at March 31, 2020	As at March 31, 2019
	INR	INR
Prepaid expense	1,55,10,287	1,26,84,486
Balances with statutory/government authorities	44,35,814	3,18,36,731
Other receivable	80,93,231	5,53,36,928
	2,80,39,331	9,98,58,145
Non-current	-	-
Current	2,80,39,331	9,98,58,145
	2,80,39,331	9,98,58,145

Note 6: Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
	INR	INR
Raw materials and components	43,89,11,115	41,10,99,285
Stores, spares and packing materials	25,64,27,958	7,78,60,017
Semi-finished goods	16,72,79,605	9,21,28,161
Finished goods	4,83,75,925	5,14,49,591
Total inventories at the lower of cost and net realisable value	91,09,94,603	63,25,37,054



PCL (International) Holding B.V.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in rupees unless otherwise stated)

Note 7: Trade Receivables

Particulars	As at March 31, 2020 INR	As at March 31, 2019 INR
Trade receivables	52,77,11,824	34,57,22,821
Total	52,77,11,824	34,57,22,821
Break-up for security details:		
- Unsecured, considered good	52,77,11,824	34,57,22,821
- Doubtful	-	-
Total	52,77,11,824	34,57,22,821
Total Trade receivables	52,77,11,824	34,57,22,821

Note 8: Cash and Bank Balances

Particulars	As at March 31, 2020 INR	As at March 31, 2019 INR
Cash and cash equivalents		
Balance with Banks		
Current accounts	1,48,84,376	9,24,48,014
Cash on hand	68,632	84,807
Total cash and bank balances	1,49,53,009	9,25,32,820



PCL (International) Holding B.V.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in rupees unless otherwise stated)

Note 9: Share Capital

a) Issued equity capital

	31 March 2020 INR	31 March 2019 INR
Authorised shares		
5 Million (31 March 2019: 5 Million) equity shares of Euro 1 each	40,17,76,435	40,17,76,435
Issued, subscribed and fully paid-up shares		
4,324,845 (31 March 2019: 3,854,950) equity shares of EURO 1 each fully paid - up.	34,70,91,047	30,97,65,614
Total Issued, subscribed and fully paid-up share capital		

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares of INR 10 each issued, subscribed and fully paid	Number in EURO	Amount in Rupees
At 31 March 2018	27,74,900	22,14,00,314
Issued during the year	10,80,050	8,83,65,300
At 31 March 2019	38,54,950	30,97,65,614
Issued during the year	4,69,895	3,73,25,433
At 31 March 2020	43,24,845	34,70,91,047

c. Shares held by holding company and their subsidiaries/associates:

	31 March 2020 No of shares	31 March 2020 % holding	31 March 2019 No of shares	31 March 2019 % holding
Equity shares of EURO 1 each fully paid				
Precision Camshaft Limited (Holding Company)	43,24,845	100%	38,54,950	100%

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

	31 March 2020 No of shares	31 March 2020 % holding	31 March 2019 No of shares	31 March 2019 % holding
Equity shares of EURO 1 each fully paid				
Precision Camshaft Limited (Holding Company)	43,24,845	100.00%	38,54,950	100.00%
	43,24,845	100.00%	38,54,950	100.00%



Note 10: Other Equity

A) Retained earnings	Amount in Rupees
At 1 April 2018	(4,13,42,510)
Add: Profit/(loss) for the year	(7,81,76,566)
At 31 March 2019	(11,95,19,077)
Add: Profit/(loss) for the year	(37,38,01,882)
At 31 March 2020	(49,33,20,959)
B) Capital Reserve	
At 1 April 2018	14,12,01,564
Movement during the year	-
At 31 March 2019	14,12,01,564
Movement during the period	-
Closing balance	14,12,01,564
C) Foreign currency translation reserve	
Opening balance	-
Movement during the year	(4,32,806)
At 1 April 2018	(4,32,806)
Movement during the year	(48,29,859)
At 31 March 2019	(52,62,665)
Movement during the period	2,25,65,921
At 31 March 2020	1,73,03,256

Nature and purpose of reserves:

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders and any other adjustments.

Capital reserve

The Company had recognised excess of the identifiable assets and liabilities acquired over the consideration paid for acquisition of subsidiary referred to as bargain purchase on acquisition in capital reserve.

Foreign currency translation reserve

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and are accumulated in separate reserve within equity. The cumulative amount is reclassified to profit and loss, when the investment is disposed off.

D) Non Controlling Interest

At 31 March 2018	13,03,02,657
Movement during the year	28,46,73,087
At 31 March 2019	41,49,75,744
Movement during the year	(9,32,41,540)
At 31 March 2020	32,17,34,204



Note 11: Financial Liabilities - Borrowings

Particulars	As at March 31, 2020 INR	As at March 31, 2019 INR
Non Current borrowings		
Term Loan		
Term Loan I	52,92,61,958	58,30,18,957
Term Loan II	56,50,78,192	22,26,21,453
From Financial Institutions	-	1,53,54,347
From related party	88,32,83,094	59,22,27,059
Total Non Current borrowings	1,97,76,23,245	1,41,32,21,816
Current maturity of long term loans		
Term Loan I	10,28,09,911	6,11,10,342
Term Loan II	16,39,593	61,26,504
Loan repayable on Demand		
Cash credit from banks (secured)	13,18,12,028	17,34,87,825
Total current Borrowings	23,62,61,532	24,07,24,671
Less: amount clubbed under "Other Financial liabilities"	10,44,49,504	6,72,36,846
Net Current Borrowings	13,18,12,028	17,34,87,825
Aggregate value of secured loans	1,33,06,01,683	1,06,17,19,428
Aggregate value of unsecured loans	88,32,83,094	59,22,27,059

Term Loan:

Term loan 1 (secured) carries interest at the rate of EUROBOR plus 190 bps p.a. The tenure of the loan is 7 years. The loan is secured by pledging of shares of the the Company in favour of Bank of Baroda London Branch & Corporate Guarantee from PCL India.

Term loan 2 (secured) carries the rate of interest rate from 3 to 6 % in Euro p.a. The loan is secured by mortgage on commercial property, equipments, machines & inventories, in Cunewalde, Germany .

Unsecured Loan from related parties carries interest rate from 0.50 % to 3.60% in Euro p.a.

Cash credit from banks:

Cash credit of Rs.1318.12 Lakhs is secured by hypothecation of current assets of the Company. Cash credit has also been secured by collateral securities of existing and future moveable and immoveable fixed assets of Köblitzer Str. 7, 02733 Cunewalde, Germany.

The carrying amounts of property, plant and equipment pledged as security for non-current borrowings are disclosed in note 3. And carrying amount of inventories, trade receivables and fixed deposits are pledged as security for short term borrowings.

Note 12: Other financial liabilities

Particulars	As at March 31, 2020 INR	As at March 31, 2019 INR
Other financial liabilities at amortised cost		
Current maturity of long term loans	10,44,49,504	6,11,10,342
Interest Accrued	2,40,06,708	61,26,504
Employee benefit liabilities	4,80,21,209	2,11,00,076
Lease Liability	2,31,91,236	40,06,025
Total	19,96,68,657	9,23,42,947
Non - Current	1,56,29,591	-
Current	18,40,39,066	9,23,42,947
	19,96,68,657	9,23,42,947



PCL (International) Holding B.V.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in rupees unless otherwise stated)

Note 13: Deferred Tax Assets / Liabilities (Net)

Particulars	As at March 31, 2020 INR	As at March 31, 2019 INR
I. Deferred tax assets		
Business loss	29,12,030	27,54,184
	<u>29,12,030</u>	<u>27,54,184</u>
Reconciliation of deferred tax asset		
Opening deferred tax asset	27,54,184	-
Foreign exchange gain/loss	1,57,845	-
Closing deferred tax asset	<u>29,12,030</u>	<u>27,54,184</u>
II. Deferred tax liability		
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortisation for financial reporting	15,81,35,713	17,58,99,502
	<u>15,81,35,713</u>	<u>17,58,99,502</u>
Reconciliation of deferred tax liability		
Opening deferred tax Liability	17,58,99,502	2,55,22,457
Created during the year	-	15,27,03,424
Less: Reversal during the year	(2,66,36,129)	(2,40,10,214)
Foreign exchange gain/loss	88,72,339	2,16,83,835
Closing deferred tax liability	<u>15,81,35,713</u>	<u>17,58,99,502</u>

The major components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

	As at March 31, 2020 INR	As at March 31, 2019 INR
Profit or loss section		
Current income tax	-	-
Deferred tax	-	-
Relating to origination and reversal of temporary differences	(2,66,36,129)	(2,40,10,214)
Income tax expenses reported in the statement of profit or loss	<u>(2,66,36,129)</u>	<u>(2,40,10,214)</u>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2020 and 31 March 2019:

	As at March 31, 2020	As at March 31, 2019
Accounting profit before income tax	(28,53,51,121)	(14,66,51,519)
At statutory income tax rate of 20% (31 March 2019: 20%)	(5,70,70,224)	(2,93,30,304)
Deferred tax asset not recognised on lossess	3,04,01,713	53,20,090
At the effective income tax rate of -9.35% (31 March 2019: -16.37%)	<u>(2,66,68,511)</u>	<u>(2,40,10,214)</u>
Income tax expense reported in the statement of profit and li	<u>(2,66,36,129)</u>	<u>(2,40,10,214)</u>

Break up of financial liabilities carried at amortised cost

Particulars	As at March 31, 2020 INR	As at March 31, 2019 INR
Borrowings (non-current) (note 11)	1,97,76,23,245	1,41,32,21,816
Borrowings (current) (note 11)	13,18,12,028	17,34,87,825
Current maturity of long term loans(note 12)	10,44,49,504	6,11,10,342
Trade payables (note 14)	42,12,36,603	27,80,74,539
Other financial liabilities (note 12)	7,12,12,445	2,51,06,101
Total	<u>2,70,63,33,825</u>	<u>1,95,10,00,622</u>



PCL (International) Holding B.V.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in rupees unless otherwise stated)

Note 14: Trade payables

Particulars	As at March 31, 2020 INR	As at March 31, 2019 INR
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	42,12,36,603	27,80,74,539
Total trade payables	42,12,36,603	27,80,74,539
Non-current		
Current	42,12,36,603	27,80,74,539
Total	42,12,36,603	27,80,74,539

Terms and conditions of the above financial liabilities:

Note 15: Other current liabilities

Particulars	As at March 31, 2020 INR	As at March 31, 2019 INR
Advances from customers	15,03,32,006	43,04,08,252
Other payable	22,73,761	1,18,51,731
Other taxes payables	1,99,52,106	69,97,348
Total	17,25,57,873	44,92,57,331



Note 16: Revenue from Operations

Particulars	As at March 31, 2020	As at March 31, 2019
	INR	INR
Sale of products	2,48,83,82,661	2,23,25,97,490
Sale of Parts	8,11,08,170	1,55,45,533
Sale of services	2,27,39,102	54,76,441
Total sale of products and services	2,59,22,29,933	2,25,36,19,464
Other operating income	3,53,38,404	67,82,372
Total other operating income	3,53,38,404	67,82,372
Total revenue from operations	2,62,75,68,337	2,26,04,01,837

Note 17: Other income

Particulars	As at March 31, 2020	As at March 31, 2019
	INR	INR
Resolution of reserve	-	18,86,626
Profit on sale of fixed assets	47,58,140	-
Incomes from electricity and energy tax	68,91,123	44,82,145
Non-cash compensation	18,99,271	18,15,046
Miscellaneous income	70,63,452	85,21,393
Total other income	2,06,11,986	1,67,05,210

Note 18: Cost of raw materials and components consumed

Particulars	As at March 31, 2020	As at March 31, 2019
	INR	INR
Inventory at the beginning of the year	41,10,99,285	22,64,41,958
Add: purchases	1,52,47,23,341	1,14,11,53,152
	1,93,58,22,626	1,36,75,95,110
Less: inventory at the end of the year	43,89,11,115	41,10,99,285
Cost of raw materials and components consumed	1,49,69,11,511	95,64,95,824

Note 19: (Increase) / decrease in inventories

Particulars	As at March 31, 2020	As at March 31, 2019
	INR	INR
Opening stock:		
Finished goods	5,14,49,591	2,04,21,316
Semi-finished goods	9,21,28,161	7,12,28,710
	14,35,77,752	9,16,50,026
Closing stock:		
Finished goods	4,83,75,925	5,14,49,591
Semi-finished goods	16,72,79,605	9,21,28,161
	21,56,55,530	14,35,77,752
(Increase)/decrease in inventories	(7,20,77,778)	(5,19,27,726)



Note 20: Employee benefit expenses

Particulars	As at March 31, 2020	As at March 31, 2019
	INR	INR
Salaries, wages, bonus and commission	51,78,04,056	47,50,97,697
Contribution to social security and other funds	11,47,93,183	9,66,58,780
Staff welfare expenses	46,99,009	1,61,66,971
Expenses for retirement benefits	26,42,529	14,34,669
Total employee benefit expenses	63,99,38,777	58,93,58,117

Note 21: Other Expenses

Particulars	As at March 31, 2020	As at March 31, 2019
	INR	INR
Consumption of components and spares	11,16,56,356	25,79,49,151
Packing materials consumed	42,79,299	38,83,115
Power and fuel expenses	7,32,88,566	6,87,02,942
Job work expenses	9,55,13,315	6,60,13,184
Freight outward charges	71,45,694	1,42,35,559
Rent	1,28,94,299	1,24,63,730
Rates and taxes	30,14,493	30,07,776
Insurance	1,09,93,089	86,53,350
Repairs and maintenance		
Plant and machinery	3,38,68,914	2,84,03,881
Building	11,28,599	11,30,150
Others	1,98,33,333	1,20,79,826
Advertisement and sales promotion	1,59,89,332	1,92,57,196
Donation	7,87,085	13,66,110
Printing and stationery	20,66,942	15,72,261
Travelling and conveyance	1,66,10,008	56,21,329
Telephone and Communication Expenses	37,67,418	65,08,563
Legal and professional fees	3,57,88,993	3,56,91,402
Auditors' remuneration and expenses		
Statutory audit	26,58,339	13,04,487
Miscellaneous expenses	4,14,06,769	4,90,09,178
Management fees	1,96,61,400	2,52,27,180
Total Other expenses	51,23,52,242	62,20,80,371

Note 22: Finance costs

Particulars	As at March 31, 2020	As at March 31, 2019
	INR	INR
Interest on borrowings	6,70,36,573	5,52,63,151
Bank charges	55,171	1,79,842
Total finance costs	6,70,91,744	5,54,42,993



PCL (International) Holding B.V.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in rupees unless otherwise stated)

Note 23: Depreciation and amortisation expense

Particulars	As at March 31, 2020	As at March 31, 2019
	INR	INR
Depreciation of property, plant and equipment	15,48,45,873	13,20,38,990
Amortisation of intangible assets	13,44,69,076	12,02,69,997
	<u>28,93,14,949</u>	<u>25,23,08,986</u>

Note 24: Impairment Expense

Particulars	As at March 31, 2020	As at March 31, 2019
	INR	INR
Impairment of Goodwill on Consolidation	20,83,28,428	-
	<u>20,83,28,428</u>	<u>-</u>



PCL (International) Holding B.V.
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in rupees unless otherwise stated)

Note 25: Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profits for the year attributable to equity holders of the Holding Company by weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Holding Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the profit and share data used in the basic and diluted EPS computation

Particulars	As at March 31, 2020	As at March 31, 2019
	INR	INR
Profit attributable to equity holders of Holding Company for basic EPS	(46,70,43,421)	(12,26,41,305)
Profit attributable to equity holders of Holding company for diluted EPS	(46,70,43,421)	(12,26,41,305)
Weighted average number of equity shares in calculating basic EPS	40,88,241	32,55,640
Weighted average number of equity shares in calculating diluted EPS	40,88,241	32,55,640
Earnings per share (basic) (Rupees/share)	(114.24)	(37.67)
Earnings per share (diluted) (Rupees/share)	(114.24)	(37.67)

Note 26: Components of Other comprehensive income (OCI)

	Capital Reserve	Foreign currency translation reserve	Retained earnings	Total
During the year ended 31 March 2020				
Foreign exchange translation differences	-	2,25,65,921	-	2,25,65,921
Bargain purchase gain on acquisition of Company	-	-	-	-
Total	-	2,25,65,921	-	2,25,65,921
During the year ended 31 March 2019				
Foreign exchange translation differences	-	(48,29,859)	-	(48,29,859)
Bargain purchase gain on acquisition of Company	-	-	-	-
Total	-	-48,29,859	-	-48,29,859

Note 27: Commitments and contingencies

Commitments

Estimated amount of contracts remaining to be executed on capital account and material not provided for (net of advances): At 31st March 2020, the Company had commitments of Rs 4,01,98,687 (31st March, 2019: Nil)



NOTE 28: ADOPTION OF IND AS 116 "LEASES"

The effect of adoption Ind AS 116 as at 1 April 2019 (increase/(decrease)) is, as follows:

Particulars	Amount
Assets	
Right-of-use assets	3,05,52,014
Total assets	
Liabilities	
Lease liabilities	-3,05,52,014
Total liabilities	
Total adjustment on equity:	
Retained earnings	-
Non-controlling interests	-

The Group has lease contracts for vehicles. Before the adoption of Ind AS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.3 (h) Leases for the accounting policy beginning 1 April 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

A) Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from 1 April 2019.

B) Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease



PCL (International) Holding B.V.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in rupees unless otherwise stated)

Note 29: Related party transactions

A Names of the related party and related party relationship:

a) Related party whose control exists

i) Holding Company

Precision Camshafts Limited (India)

ii) Subsidiary

MFT Motoren Und Fahrzeugtechnik GMBH (Germany) (W.e.f. 23-03-2018)

Emoss Mobile Systems B.V., Netherlands (W.e.f. 17-05-2018)

iii) Related parties under 'Ind AS 24- Related Party Disclosures', with whom transactions have taken place during the period

Rewin Investsmnets B.V.

Kenbri Fire Fighting B.V.

iv) Key management personnel (KMP)

Mr. Edwin Hobbel, Director (Emoss Mobile Systems B.V., Netherlands) (W.e.f. 17.05.2018)

Mr. Guido Glinski, Managing Director MFT Motoren Und Fahrzeugtechnik GMBH (Germany)

Mr. Yatin Shah, Director B

Mr. Ravindra Joshi, Director B

Ms. Smita Mandem, Director A

Ms. Romita Mehta, Director A

v) Enterprises owned or significantly influenced by key management personnel or their relatives:

Rewin Investsmnets B.V.

Kenbri Fire Fighting B.V.



PCL (International) Holding B.V.
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in rupees unless otherwise stated)

B. The transactions with related parties during the year and their outstanding balances are as follows:

Sr. No.	Particulars	Key management personnel		Entities where KMP / RKMP have significant influence		Holding Company	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Transactions						
1	Management Fees	-	-	1,96,61,400	2,52,27,180	-	-
2	Remuneration	1,48,71,653	1,90,83,838	-	-	-	-
3	Tooling Income	-	-	-	-	11,86,755	1,75,88,106
4	Temporary Personnel	-	-	82,39,856	84,57,927	-	-
5	Loan received	-	5,26,56,780	7,86,45,596	23,73,90,434	15,72,91,192	32,69,57,984
6	Interest on Loan received	15,50,873	19,78,515	1,18,56,921	1,18,96,820	1,13,08,529	94,21,457
7	Issue of equity shares	-	-	-	-	3,69,59,105	8,71,85,136
	Balances outstanding						
1	Remuneration payable	7,17,126	12,61,438	-	-	-	-
2	Loan received	5,36,26,917	5,07,20,092	32,39,78,337	22,86,59,338	49,74,10,334	31,49,32,641
3	Interest on Loan received	16,21,247	19,05,747	1,49,57,650	1,54,94,739	1,67,50,007	1,52,01,433
4	Management Fees payable	-	-	85,63,990	-	-	-
5	Temporary Personnel	-	-	35,89,064	-	-	-



C. Disclosure in respect of material related party transaction during the year:

Sr. No.	Particulars	Relationship	31 March 2020	31 March 2019
1	Management Fees			
	Rewin Investments B.V.	Entities where KMP / RKMP have significant influence	49,15,351	-
	Kenbri Fire Fighting B.V.	Entities where KMP / RKMP have significant influence	1,47,46,049	2,52,27,180
2	Remuneration*			
	Mr. Guido Glinski	Key management personnel	1,35,50,407	1,79,85,951
	Smita Mandem	Key management personnel (KMP)	9,43,747	13,31,866
	Romita Mehta	Key management personnel (KMP)	3,77,499	1,45,551
3	Tooling Income			
	Precision Camshafts Limited (India)	Ultimate Holding Company	11,86,755	1,75,88,106
4	Temporary Personnel			
	Rewin Investments B.V.	Entities where KMP / RKMP have significant influence	20,59,964	-
	Kenbri Fire Fighting B.V.	Entities where KMP / RKMP have significant influence	61,79,892	84,57,927
5	Loan given by Holding Company			
	Precision Camshafts Limited (India)	Holding Company	15,72,91,192	32,69,57,984
6	Equity shares issued to Holding Company			
	Precision Camshafts Limited (India)	Holding Company	3,69,59,105	8,71,85,136
7	Interest on Loan given by Holding Company			
	Precision Camshafts Limited (India)	Holding Company	1,13,08,529	94,21,457
8	Loan given by Shareholder			
	Rewin Investments B.V. - 49%	Entities where KMP / RKMP have significant influence	7,86,45,596	23,73,90,434
	Mr. Guido Glinski (Germany)	Shareholder - 24%	-	5,26,56,780
9	Interest on Loan given by Shareholder			
	Rewin Investments B.V. - 49%	Entities where KMP / RKMP have significant influence	1,18,56,921	1,18,96,820
	Mr. Guido Glinski (Germany)	Shareholder - 24%	15,50,873	19,78,515

Balances outstanding

Sr. No.	Particulars	Relationship	31 March 2020	31 March 2019
1	Remuneration payable			
	Mr. Guido Glinski	Key management personnel (KMP)	7,17,126	12,61,438
	Smita Mandem	Key management personnel (KMP)	-	-
	Romita Mehta	Key management personnel (KMP)	-	-
2	Management Fees Payable			
	Rewin Investments B.V.	Entities where KMP / RKMP have significant influence	51,38,394	-
	Kenbri Fire Fighting B.V.	Entities where KMP / RKMP have significant influence	34,25,596	-
3	Loan given by Holding Company			
	Precision Camshafts Limited (India)	Holding Company	49,74,10,334	31,49,32,641
4	Interest on Loan given by Holding Company			
	Precision Camshafts Limited (India)	Holding Company	1,67,50,007	1,52,01,433
5	Loan given by Shareholder			
	Rewin Investments B.V. - 49%	Entities where KMP / RKMP have significant influence	32,39,78,337	22,86,59,338
	Mr. Guido Glinski	Key management personnel (KMP)	5,36,26,917	5,07,20,092
6	Interest on Loan given by Shareholder			
	Rewin Investments B.V. - 49%	Entities where KMP / RKMP have significant influence	1,49,57,650	1,54,94,739
	Mr. Guido Glinski		16,21,247	19,05,747
7	Temporary Personnel			
	Rewin Investments B.V.	Entities where KMP / RKMP have significant influence	21,53,438	-
	Kenbri Fire Fighting B.V.	Entities where KMP / RKMP have significant influence	14,35,626	-



PCL (International) Holding B.V.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in rupees unless otherwise stated)

Note 30: Segment information

The Group is engaged in manufacturing of Camshafts. Based on similarity of activities/products, risk and reward structure, organisation structure and internal reporting systems, the Company has structured its operations into single operating segmentgeographic distribution of however based on the activities, the chief operating decision make identified India and outside India as two reportable geographical segments.

Revenue from Customers	31 March 2020	31 March 2019
Within India	-	-
Outside India	-	-
Asia	-	-
China	-	-
Europe	2,62,75,68,337	2,26,04,01,837
Others	-	-
	<u>2,62,75,68,337</u>	<u>2,26,04,01,837</u>
Total revenue	<u><u>2,62,75,68,337</u></u>	<u><u>2,26,04,01,837</u></u>

The revenue information above is based on the locations of the customers.

Non-current operating assets*	31 March 2020	31 March 2019
Within India	-	-
Outside India	-	-
Investment in Joint Ventures in China	-	-
Assets at China	-	-
Europe	1,77,91,55,064	1,58,00,32,119
Capital advances	-	-
Others	-	-
	<u>1,77,91,55,064</u>	<u>1,58,00,32,119</u>
Total	<u><u>1,77,91,55,064</u></u>	<u><u>1,58,00,32,119</u></u>

* As defined in paragraph 33 (b) of Ind AS 108 "Operating segments" non current assets excludes financial instruments, deferred tax assets and post-employment benefit assets.



PCL (International) Holding B.V.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in rupees unless otherwise stated)

Note 31: Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's consolidated assets and liabilities, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying Value		Fair value	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Property, Plant and Equipment				
Acquired Assets through acquisition of subsidiaries				
Land - MFT	2,80,61,843	2,76,89,940	2,80,61,843	2,76,89,940
Building - MFT	15,46,61,936	14,34,08,970	15,46,61,936	14,34,08,970
Other Intangible Assets				
Acquired Assets through acquisition of subsidiaries				
Customer -Supplier Relationship - MFT	55,90,571	59,48,478	55,90,571	59,48,478
Technical Know-How - MFT	49,91,581	56,65,217	49,91,581	56,65,217
Customer relation - EMOSS	13,51,11,227	15,27,03,424	13,51,11,227	15,27,03,424
Technical Know how - EMOSS	27,02,22,455	30,54,06,848	27,02,22,455	30,54,06,848
IP Technology - EMOSS	27,02,22,455	30,54,06,848	27,02,22,455	30,54,06,848
Total	68,61,38,289	77,51,30,816	68,61,38,289	77,51,30,816

The Group management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Note 32: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Acquired Assets through acquisition of subsidiaries					
Land - MFT	31-Mar-20	2,80,61,843			2,80,61,843
Building - MFT	31-Mar-20	15,46,61,936			15,46,61,936
Other Intangible Assets					
Acquired Assets through acquisition of subsidiaries					
Customer -Supplier Relationship - MFT	31-Mar-20	55,90,571			55,90,571
Technical Know-How - MFT	31-Mar-20	49,91,581			49,91,581
Customer relation - EMOSS	31-Mar-20	13,51,11,227			13,51,11,227
Technical Know how - EMOSS	31-Mar-20	27,02,22,455			27,02,22,455
IP Technology - EMOSS	31-Mar-20	27,02,22,455			27,02,22,455



Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Acquired Assets through acquisition of subsidiaries (Refer note 39)					
Land - MFT	31-Mar-19	2,82,36,739	-	-	2,82,36,739
Building - MFT	31-Mar-19	13,85,52,649	-	-	13,85,52,649
Other Intangible Assets					
Acquired Assets through acquisition of subsidiaries (Refer note 39)					
Customer -Supplier Relationship - MFT	31-Mar-19	55,90,571	-	-	55,90,571
Technical Know-How - MFT	31-Mar-19	49,91,581	-	-	49,91,581
Customer relation - EMOSS	31-Mar-19	13,51,11,227	-	-	13,51,11,227
Technical Know how - EMOSS	31-Mar-19	27,02,22,455	-	-	27,02,22,455
IP Technology - EMOSS	31-Mar-19	27,02,22,455	-	-	27,02,22,455

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

For explanation on fair value of intangible assets and property, plant and equipment refer note 38



Note 33: Significant accounting judgements, estimates and assumptions

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

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management Note 37
- Financial risk management objectives and policies Note 38
- Sensitivity analyses disclosures Notes 38

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

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 Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 38.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 7.

Leases - Estimating the Incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).



Fair value of Intangibles.

The Group has recognized Customer relationship, Technical knowhow and IP Technology of subsidiary EMOSS Mobile Systems B.V. (Netherlands) (EMOSS) classified as other intangible assets at fair values as required under Ind AS-103 "Business Combination". The Group engaged independent valuation specialists to assess fair value for above intangible assets as at March 31, 2019 for EMOSS. Determination of fair value and useful life requires significant estimations and assumptions. The fair value of intangibles has been valued using valuation techniques (including Market method and earning method) which include unobservable inputs. Intangible assets are assessed on the basis of their capability of generating above average performance in terms of confidence of customer, margins, and returns.

Fair value of land and building of subsidiary.

The Group has measured land and buildings of subsidiary MFT Motoren Und Fahrzeugtechnik GmbH (Germany) (MFT) classified as property, plant and equipment at fair values as required under Ind AS-103 "Business Combination". The Group engaged independent valuation specialists to assess fair value for land and buildings as at March 31, 2018. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property as at the date of revaluation.

Goodwill impairment:

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Note 34: Group Information

Name	Country of incorporation	Principal activities	% equity interest	
			31 March 2020	31 March 2019
MFT Motoren und Fahrzeugtechnik GmbH	Germany	Manufacturing of camshafts as well as prismatic components	76%	76%
Emiss Mobile Systems B.V., Netherlands	Netherlands	Designing, developing, producing and supplying complete electric powertrains for trucks, busses, military vehicles and heavy equipment	51%	51%
PCL Brasil Automotivo LT DA	Brazil	Manufacturing of machined camshafts	NA	100%

* During the current year, the directors of the company decided to shut down its wholly owned subsidiary in Brazil i.e. PCL BRASIL AUTOMOTIVE LTDA. The subsidiary was liquidated on June 20, 2019 and accordingly all the legal formalities have been complied with.

Note 35: Business combinations

Acquisition of MFT Motoren und Fahrzeugtechnik GmbH

On 23 March 2018, Group through its wholly owned subsidiary PCL (International) Holding B.V. (PCL NL) acquired 76% of the voting shares of MFT Motoren und Fahrzeugtechnik GmbH, a company based in Germany and specializing in the manufacture and sale of camshafts in exchange for cash. The PCL NL acquired MFT Motoren und Fahrzeugtechnik GmbH to strengthen Group's niche machining capabilities, diversify into new products and establish a global brand presence.

The Group has elected to disclose & recognise non-controlling interests (NCI) separately in the consolidated financial statements. 24% of acquiree's identifiable net assets is measured as NCI.

Measurement period

In previous year, the initial accounting for a business combination with respect to MFT Motoren und Fahrzeugtechnik GmbH was incomplete and hence the group has accounted the business combination on provisional basis. The group was expecting further facts and information such as purchase price allocation analysis etc. The management has completed the Purchase Price Allocation (PPA) within twelve months from the date of acquisition in current year and consequently has restated the assets and liabilities including intangibles and resultant capital reserve (bargain purchase).

Purchase consideration paid for the acquisition of MFT Motoren und Fahrzeugtechnik GmbH has been allocated as follows:

Assets	Provisional PPA	Final PPA
Property, plant and equipment (refer note 3)	49,21,40,510	61,27,75,266
Intangible assets	35,87,274	1,72,93,048
Cash and cash equivalents	27,00,248	27,00,248
Trade receivables	24,09,78,779	24,09,78,779
Inventories	25,58,88,091	25,58,88,091
Other financial assets	81,01,128	81,01,128
Other current assets	1,40,29,221	1,40,29,221
	1,01,74,25,252	1,15,17,65,782



	Provisional PPA	Final PPA
Liabilities		
Trade payables	(8,62,18,218)	(8,62,18,218)
Borrowings	(32,39,99,000)	(32,39,99,000)
Other financial liabilities	(18,60,11,753)	(18,60,11,753)
Provisions	(8,06,222)	(8,06,222)
Other current liabilities	(80,04,476)	(80,04,476)
Current tax liabilities (net)	(37,98,653)	(37,98,653)
	-60,88,38,323	-60,88,38,323
Amount of total identifiable net assets	40,85,86,930	54,29,27,460
Non-controlling interests measured at proportionate share	(9,80,60,930)	(14,96,99,657)
Bargain purchase arising on acquisition (refer note 10)	(5,84,99,829)	(14,12,01,631)
Purchase consideration transferred	25,20,26,172	25,20,26,172

On basis of the amount of identified assets and liabilities; there arises a bargain purchase gain. The gain of Rs. 1412.02 lakhs is currently recognized in other comprehensive income and shown as capital reserve in other equity.

	Amount
Purchase consideration	
Paid in Cash	20,44,57,900
Contingent consideration liability	4,75,68,549
Total consideration	25,20,26,449

Analysis of cash flows on acquisition:

Net cash acquired with the subsidiary (included in cash flows from investing activities)	27,00,248
Cash paid	(20,44,57,900)
Net cash flow on acquisition	(20,17,57,652)

Contingent consideration:

In previous year, as part of the purchase agreement with the previous owner of MFT Motoren und Fahrzeugtechnik GmbH, there was a component of contingent consideration. There was a requirement to pay additional cash to the previous owner of MFT Motoren und Fahrzeugtechnik GmbH not exceeding Euro 5.90 lakhs i.e. Rs. 475.69 lakhs; when the entity receives such compensation amount from a customer with whom an entity has made an agreement for orders.

The consideration was fixed at above amount and the fair value of the contingent consideration was estimated to be the same amount. The fair value was determined using DCF method. Considering the fact that, the deposit rate at Germany was negative and the date of payment of above liability was not determinable; the entire amount of compensation fixed above; was taken as fair value of the contingent consideration. During the current year, the amount has been finalized at Euro 5.90 lakhs i.e. Rs.458.77 lakhs and the same has been paid.

3. Acquisition of E Moss Mobile Systems B.V.:

On 17th May, 2018 the Group through its 100% subsidiary PCL (International) Holding B.V., Netherlands has acquired 51% shares in E Moss Mobile Systems B.V., a company based in Netherlands and specializing in Designing, developing, producing and supplying complete electric powertrains for trucks, busses, military vehicles and heavy equipment making it a step-down subsidiary company and consolidated the same in the financial statements of Precision Camshafts Limited, India. Further, the management as per para 45 of Ind AS 103 "Business Combinations" has consolidated E Moss Mobile Systems B.V. with provisional amounts. The company had recognised goodwill of Rs. 5,774.21 Lakhs on provisional basis. The management completed the Purchase Price Allocation (PPA) in the first quarter of financial year 2019-20 and consequently restated the Goodwill/Capital Reserve.

The Group has elected to disclose & recognise non-controlling interests (NCI) separately in the consolidated financial statements. 49% of acquiree's identifiable net assets is measured as NCI.

Measurement period

In previous year, the initial accounting for a business combination with respect to E Moss Mobile Systems B.V. was incomplete and hence the group has accounted the business combination on provisional basis. The group was expecting further facts and information such as purchase price allocation analysis etc. The management has completed the Purchase Price Allocation (PPA) within twelve months from the date of acquisition in current year and consequently has restated the assets and liabilities including intangibles and resultant capital reserve (bargain purchase).



Purchase consideration paid for the acquisition of Emiss Mobile Systems B.V. has been allocated as follows:

Assets	Provisional Amount	Final PPA
Property, plant and equipment (refer note 3)	6,83,45,695	6,83,45,695
Intangible assets	2,33,74,554	92,00,13,804
Cash and cash equivalents	1,42,92,348	1,42,92,348
Trade receivables	8,54,79,407	8,54,79,407
Inventories	34,71,21,526	34,71,21,526
Other financial assets	36,28,045	36,28,045
Deferred tax assets (net)	28,29,735	28,29,735
Other non-current assets	-	-
Other current assets	4,36,96,973	4,36,96,973
Total	58,87,68,283	1,48,54,07,533
Liabilities	Provisional Amount	Final PPA
Trade payables	(9,69,98,668)	(9,69,98,668)
Borrowings	(49,36,46,372)	(49,36,46,372)
Other financial liabilities	(2,14,587)	(2,14,587)
Other current liabilities	(85,43,549)	(85,43,549)
	(59,94,03,176)	(59,94,03,176)
Provisional amount of total identifiable net assets	(1,06,34,893)	88,60,04,357
Non-controlling interests measured at proportionate share	52,11,069	(43,41,42,135)
Provisional Goodwill arising on acquisition (refer note 3a)	59,32,60,961	13,59,74,916
Purchase consideration transferred	58,78,37,138	58,78,37,138
Goodwill as on 31 March 2020 at closing rate		14,02,69,951
Deferred tax recognised on intangible assets		9,40,42,485
Total goodwill		23,43,12,437
Less: provision for impairment		20,83,28,428
Goodwill as on 31 March 2020 at closing rate		2,59,84,009

Note 36: Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of operation	31-Mar-20	31-Mar-19
MFT Motoren und Fahrzeugtechnik GmbH (Through Wholly owned subsidiary PCL (International) Holding B.V.)	Germany	24%	24%
Emiss Mobile Systems B.V. (Through Wholly owned subsidiary PCL (International) Holding B.V.)	Netherlands	49%	49%



Information regarding non-controlling interest

	31-Mar-20	31-Mar-19
	Amount	Amount
Accumulated balances of material non-controlling interest:		
MFT Motoren und Fahrzeugtechnik GmbH	10,45,47,278	11,90,18,175
Emiss Mobile Systems B.V.	21,71,86,926	29,59,57,567
Profit/(loss) allocated to material non-controlling interest:		
MFT Motoren und Fahrzeugtechnik GmbH	-1,44,70,897	-13,96,089
Emiss Mobile Systems B.V.	-7,87,70,642	-4,30,68,650

The summarized financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of profit and loss for the year ended 31 March 2020:

Particulars	MFT Motoren und Fahrzeugtechnik GmbH	Emiss Mobile Systems B.V.
Revenue	1,65,95,74,446	96,79,93,891
Other income	3,51,56,058	26,47,856
Cost of raw material and components consumed	74,62,39,546	67,85,94,187
Depreciation and amortization expense	13,00,74,304	2,60,33,980
Employee benefits expense	43,32,18,515	20,50,42,044
Other expenses	41,05,00,688	9,70,40,759
Finance costs	2,93,07,242	2,35,14,728
Profit before tax	(5,46,09,791)	(5,95,83,951)
Income tax	-	-
Profit for the year:	(5,46,09,791)	(5,95,83,951)
Total comprehensive Income	2,69,66,388	(35,46,803)
Attributable to non-controlling interests	(1,31,06,350)	(2,91,96,136)

Summarized balance sheet as at 31 March 2020:

Particulars	MFT Motoren und Fahrzeugtechnik GmbH	Emiss Mobile Systems B.V.
Property, plant and equipment and intangible assets including capital work in progress	84,16,55,848	13,99,55,956
Non Current financial assets	-	-
Deferred tax assets	-	29,12,030
Other non-current assets	-	-
Inventories	35,06,28,442	56,03,66,161
Trade receivable and other current financial assets	31,34,49,639	33,10,34,459
Other current assets	2,27,17,691	70,89,337
Borrowings (current and non current)	(82,64,46,879)	(65,69,60,123)
Non Current provisions	-	-
Trade payables and other current & non current financial liabilities	(32,54,09,302)	(26,69,43,441)
Other current liabilities	(1,70,03,499)	(18,26,47,971)
Current provisions	-	-
Current tax liabilities (net)	-	-
Total equity	35,95,91,939	-6,51,93,592
Equity component of redeemable preference shares not attributable to NCI	-	-
Total Net equity	35,95,91,939	-6,51,93,592
Attributable to:		
Equity holders of parent	27,61,46,199	(3,46,86,138)
Non-controlling interest	8,34,45,741	(3,05,07,454)



Note 37: Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders and borrowings. The primary objective of the Group's capital management is to maximize the shareholder value. The Group manages its capital structure and makes adjustments for compliance with the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within 60%. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

	31 March 2020	31 March 2019
	Rupees	Rupees
Borrowings other than non convertible preference shares (refer note 11)	2,21,38,84,777	1,64,78,19,983
Other Financial liabilities	19,96,68,657	9,23,42,947
Less: cash and cash balances (refer note 8)	(1,49,53,009)	(9,25,32,820)
Net debt	2,39,86,00,424	1,64,76,30,109
Equity	34,70,91,047	30,97,65,614
Other Equity	(33,48,16,139)	1,64,19,822
Equity and net debt	1,22,74,908	32,61,85,436
Gearing ratio	99.49%	83.47%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

Note 38: Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings; trade and other payables, and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, investments in mutual funds and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Market risk

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

The sensitivity analysis in the following sections relate to the position as at 31 March 2020 and 31 March 2019.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations and provisions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations with floating interest rates.

Sensitivity

Year	Increase/decrease in basis points	Effect on profit before tax
31-Mar-20	50	1,10,69,424
	(50)	(1,10,69,424)
31-Mar-19	50	82,39,100
	(50)	(82,39,100)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Group does not have any foreign currency exposure as at 31 March 2020.



Commodity risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of Camshafts, parts of diesel engine, break parts and parts of measuring instruments and therefore require a continuous supply majorly of Pig Iron, MS Scrap, Resin coated sand and steel bars.

The Group's exposure to the risk of exchange in key raw material prices are mitigated by the fact that the price increases/decreases from the vendors are passed on to the customers based on understanding with the customers. Hence the fluctuation of prices of key raw materials do not materially affect the consolidated statement of profit and loss. Also as at March 31, 2020, there were no open purchase commitments/ pending material purchase order in respect of key raw materials.

Accordingly, no sensitivity analysis have been performed by the management.

Credit risk

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

Trade receivables

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Liquidity risk

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year Ended 31 March 2020						
Non current Borrowings	-	-	-	1,97,76,23,245	-	1,97,76,23,245
Current Borrowings	13,18,12,028	-	-	-	-	13,18,12,028
Other financial liabilities	-	9,99,80,394	8,38,57,433	1,58,30,829	-	19,96,68,657
Trade payables	-	42,12,36,603	-	-	-	42,12,36,603
Total	13,18,12,028	52,12,16,998	8,38,57,433	1,99,34,54,073	-	2,73,03,40,533
Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year Ended 31 March 2019						
Non current Borrowings	-	-	-	1,41,32,21,816	-	1,41,32,21,816
Current Borrowings	17,34,87,825	-	-	-	-	17,34,87,825
Other financial liabilities	-	4,65,10,190	4,58,32,756	-	-	9,23,42,947
Trade payables	-	27,80,74,539	-	-	-	27,80,74,539
Total	17,34,87,825	32,45,84,729	4,58,32,756	1,41,32,21,816	-	1,95,71,27,126



Note 39: Additional information required by Schedule III of the Companies Act 2013.

Name of the Entity	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income (OCI)		Share in Total comprehensive Income (TCI)	
	As % of conso. net assets	Amt	As % of conso. P&L	Amt	As % of conso. OCI	Amt	As % of TCI	Amt
Parent								
PCL (International) Holding B.V.	-82.66%	-27,60,75,586	56%	-25,96,08,140	-4%	-8,53,664	58.60%	-26,04,61,804
Subsidiaries								
Foreign:								
1. MFT Motoren und Fahrzeugtechnik GmbH	107.66%	35,95,91,939	12%	-5,46,09,791	120%	2,69,66,388	6.22%	-2,76,43,403
2. Emiss Mobile Systems B.V.	-21.33%	-7,12,41,445	13%	-5,95,83,951	-16%	-35,46,803	14.20%	-6,31,30,754
Non-controlling interest in all subsidiaries								
Associates	96.32%	32,17,34,204	20%	-9,32,41,539	0%	-	20.98%	-9,32,41,539
Total	100.00%	33,40,09,112	100.00%	-46,70,43,421	100.00%	2,25,65,921	100.00%	-44,44,77,500

Note 40: Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Note 41: Impact of COVID 19 Pandemic

The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. In response, the dutch government have taken various actions and ensured many precautionary measures which posed significant disruption to business operations and adversely impacting most of the industries which has resulted in global slowdown.

The full extent and duration of the impact of COVID-19 on the Company's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others.

Any of these outcomes could have a material adverse impact on Company's business, financial condition, results of operations and cash flows.

Management believes that considering the Company's historical profitability performance it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for the next 12 months from the date of this Financial Statements. The Company has taken appropriate steps to ensure that there is least disturbance and the Company has commenced operations in May 2020.

Note 42: Previous year comparatives

Previous year's figures have been regrouped/reclassified to correspond with the current year's classification/disclosure

For G S GaiKwad & Co.
Chartered Accountants
ICAI Firm Registration Number: 147093W

per GaiKwad
Partner
Membership Number: 136512

Place: Pune
Date: June 22, 2020



For and on behalf of the Board of Directors of
PCL (International) Holding B.V.

Yatin S Shah
Director
DIN : 00318140

Place: Solapur
Date: June 22, 2020

Ravindra R Joshi
Director
DIN : 03338134

Place: Solapur
Date: June 22, 2020