

**Albonair GmbH Consolidated  
Balance sheet as at March 31, 2020**

Particulars	Note No.	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1.1	14.96	16.44
Capital work-in-progress	1.1	17.31	13.88
Goodwill			
Other Intangible assets	1.2	112.95	85.81
Right To use Asset	1.2a	21.59	-
Other non-current assets	1.3	0.31	0.41
		<b>167.12</b>	<b>116.54</b>
<b>Current assets</b>			
Inventories	1.4	36.04	43.37
Financial Assets			
(i) Trade receivables	1.5	34.72	55.23
(ii) Cash and cash equivalents	1.6	22.02	11.38
(iii) Other financial assets	1.7	12.87	-
Other current assets	1.8	9.58	6.63
		<b>115.23</b>	<b>116.61</b>
<b>TOTAL ASSETS</b>		<b>282.35</b>	<b>233.15</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	1.9	368.08	368.08
Other equity	1.10	(364.77)	(335.36)
		<b>3.31</b>	<b>32.72</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	1.11	-	3.88
(ii) Lease liabilities		18.38	-
(ii) Other financial liabilities	1.12	0.15	0.38
Provisions	1.13	12.76	35.08
		<b>31.29</b>	<b>39.34</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	1.14	120.61	78.10
(ii) Trade payables	1.15		
a) Total outstanding dues other than micro and small enterprises		56.64	40.80
(iii) Lease Liabilities		3.91	-
(iv) Other financial liabilities	1.16	9.71	12.87
Contract liabilities	1.17	41.40	29.32
Provisions	1.18	15.48	-
		<b>247.75</b>	<b>161.09</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>282.35</b>	<b>233.15</b>

The accompanying notes form an integral part of the standalone financial statements

**Albonair GmbH Consolidated  
Statement of Profit and Loss for the year ended March 31, 2020**

Particulars	Note No.	Year ended March 31, 2020 Rs. Crores	Year ended March 31, 2019 Rs. Crores
<b>Income</b>			
Revenue from operations	2.1	355.11	436.38
Other income	2.2	1.97	3.18
<b>Total Income</b>		<b>357.08</b>	<b>439.56</b>
<b>Expenses</b>			
Cost of materials and services consumed		247.09	300.86
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.3	2.35	(5.77)
Employee benefits expense	2.4	64.62	65.80
Finance costs	2.5	3.22	2.28
Depreciation and amortisation expense	2.6	16.19	11.14
Other expenses	2.7	55.22	65.69
<b>Total Expenses</b>		<b>388.69</b>	<b>440.00</b>
<b>Profit for the year</b>		<b>(31.61)</b>	<b>(0.44)</b>
<b>Other Comprehensive Income</b>			
Items that will be reclassified to Profit or Loss		2.27	-
<b>Total Other Comprehensive Income</b>		<b>2.27</b>	<b>-</b>
<b>Total Comprehensive Income for the year</b>		<b>(29.34)</b>	<b>(0.44)</b>

The accompanying notes form an integral part of the standalone financial statements

Albonair GmbH Consolidated  
Statement of Changes in Equity for the year ended March 31, 2020

A. Equity Share Capital

Rs. Crores				
Balance at the beginning of April 1, 2018	Changes in equity share capital during the year	Balance at the end of March 31, 2019	Changes in equity share capital during the year	Balance at the end of March 31, 2020
368.08	-	368.08	-	368.08

B. Other Equity

Particulars	Rs. Crores		
	Reserves and Surplus		
	Foreign currency translation reserve	Retained Earnings	Total
Balance at the beginning of April 1, 2018	(11.36)	(323.70)	(335.06)
Adjusted balance at the beginning of the year	(11.36)	(323.70)	(335.06)
Profit for the year	-	(0.44)	(0.44)
Other comprehensive income	0.15	-	0.15
<b>Total Comprehensive Income for the year</b>	<b>0.15</b>	<b>(0.44)</b>	<b>(0.30)</b>
<b>Balance at the end of March 31, 2019</b>	<b>(11.22)</b>	<b>(324.14)</b>	<b>(335.36)</b>
Transition adjustment on account of adoption of Ind AS 116	-	(0.07)	(0.07)
Profit for the year	-	(31.61)	(31.61)
Other comprehensive income	2.27	-	2.27
<b>Total Comprehensive Income for the year</b>	<b>2.27</b>	<b>(31.61)</b>	<b>(29.34)</b>
<b>Balance at the end of March 31, 2020</b>	<b>(8.94)</b>	<b>(355.82)</b>	<b>(364.77)</b>

**Albonair GmbH Consolidated**  
**Statement of Cash flows for the period ended March 31, 2020**

Particulars	March 31, 2020 Rs. Crores	March 31, 2019 Rs. Crores
<b>Cash flow from operating activities</b>		
<b>Profit for the year</b>	(31.61)	(0.44)
Adjustments for :		
Prepaid lease rentals	(4.80)	-
Depreciation, amortisation and impairment	12.19	11.14
Amortisation of right to use asset	4.00	-
Impairment loss allowance, write off on trade receivable/ advances (net)	(0.45)	0.21
Foreign exchange loss/ (gain)	0.30	0.04
Loss / (Profit) on sale of Property, plant and equipment (PPE) and intangible assets - net	(0.09)	-
Finance costs	3.22	2.28
Interest income	-	(0.18)
<b>Operating profit before working capital changes</b>	<b>(17.24)</b>	<b>13.05</b>
Adjustments for changes in :		
Trade receivables	20.66	11.11
Inventories	7.33	(3.59)
Non-current and current financial assets	(12.87)	(0.01)
Other non-current and current assets	(2.85)	0.59
Trade payables	15.84	(3.51)
Non-current and current financial liabilities	0.52	2.09
Contract liabilities	12.08	-
Other non-current and current liabilities	-	11.29
Other non-current and current provisions	(4.95)	(1.94)
<b>Cash generated from operations</b>	<b>18.52</b>	<b>29.08</b>
Income tax paid (net of refund)		
<b>Net cash (used in)/ from operating activities</b>	<b>18.52</b>	<b>29.08</b>
<b>Cash flow from investing activities</b>		
Purchase of PPE and intangible assets	(34.35)	(38.76)
Proceeds on sale of PPE and intangible assets	0.09	1.05
Interest received	-	0.18
<b>Net cash from/ (used in) investing activities</b>	<b>(34.27)</b>	<b>(37.53)</b>
<b>Cash flow from financing activities</b>		
Repayments of non-current borrowings	(3.88)	(0.16)
Proceeds from current borrowings	37.13	12.40
Payments of Lease Liability	(5.05)	-
Interest paid	(1.82)	(2.28)
<b>Net cash (used in) financing activities</b>	<b>26.38</b>	<b>9.97</b>
<b>Net cash Inflow / (Outflow)</b>	<b>10.63</b>	<b>1.52</b>
<b>Opening cash and cash equivalents</b>	<b>11.38</b>	<b>5.53</b>
Exchange fluctuation on foreign currency bank balances	-	4.33
<b>Closing cash and cash equivalents [Refer Note 1.6 to the standalone financial statements]</b>	<b>22.02</b>	<b>11.38</b>



1.1 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

DESCRIPTION	GROSS CARRYING AMOUNT ( COST )						DEPRECIATION / AMORTISATION						Rs. Crores
	01.04.2018	Exchange rate difference	Additions / Adjustments	Disposals	Exchange rate difference	31.03.2019	Upto 31.03.2018	Exchange rate difference	Charge during the year	Disposals	Exchange rate difference	Upto 31.03.2019	NET CARRYING AMOUNT
Plant and equipment	37.67	(1.48)	5.30	1.53	(0.15)	39.80	21.89	(0.85)	4.73	0.48	(0.17)	25.12	14.68
Furniture and fittings	5.64	(0.22)	0.26	-	(0.01)	5.67	4.64	(0.18)	0.38	-	(0.02)	4.82	0.84
Office Equipment	5.14	(0.21)	0.43	-	(0.02)	5.34	4.19	(0.17)	0.43	-	(0.02)	4.43	0.91
<b>TOTAL</b>	<b>48.45</b>	<b>(1.91)</b>	<b>5.99</b>	<b>1.53</b>	<b>(0.18)</b>	<b>50.81</b>	<b>30.73</b>	<b>(1.20)</b>	<b>5.53</b>	<b>0.48</b>	<b>(0.20)</b>	<b>34.38</b>	<b>16.44</b>
Capital work-in-progress												<b>13.88</b>	

1.2 OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

DESCRIPTION	GROSS CARRYING AMOUNT ( COST )						DEPRECIATION / AMORTISATION					Rs. Crores
	01.04.2019	Exchange rate difference	Additions / Adjustment	Disposals	Exchange rate difference	31.03.2020	Upto 31.03.2019	Exchange rate difference	Charge during the year	Exchange rate difference	Upto 31.03.2020	NET CARRYING AMOUNT
Intangible assets												
Computer software - Acquired	33.88	2.23	0.17	0.09	0.00	36.20	26.15	1.71	0.74	0.03	28.64	7.56
Others Technical knowhow - Developed	88.54	5.81	27.30	-	1.39	123.04	10.46	0.69	6.19	0.31	17.65	105.39
<b>TOTAL</b>	<b>122.42</b>	<b>8.04</b>	<b>27.47</b>	<b>0.09</b>	<b>1.39</b>	<b>159.24</b>	<b>36.61</b>	<b>2.40</b>	<b>6.93</b>	<b>0.35</b>	<b>46.29</b>	<b>112.95</b>

1.2 OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

DESCRIPTION	GROSS CARRYING AMOUNT ( COST )					DEPRECIATION / AMORTISATION					Rs. Crores
	01.04.2018	Exchange rate difference	Additions / Adjustment	Exchange rate	31.03.2019	Upto 31.03.2018	Exchange rate difference	Charge during the year	Exchange rate difference	Upto 31.03.2019	NET CARRYING AMOUNT
Intangible assets											31.03.2019
Computer software - Acquired	27.32	(1.06)	7.94	(0.32)	33.88	25.75	(1.00)	1.46	(0.06)	26.15	7.73
Others Technical knowhow - Developed	68.66	(2.66)	23.48	(0.94)	88.54	6.73	(0.26)	4.15	(0.17)	10.46	78.08
<b>TOTAL</b>	<b>95.97</b>	<b>(3.72)</b>	<b>31.42</b>	<b>(1.25)</b>	<b>122.42</b>	<b>32.48</b>	<b>(1.26)</b>	<b>5.61</b>	<b>(0.22)</b>	<b>36.61</b>	<b>85.81</b>



Albonair GmbH Consolidated

Notes annexed to and forming part of the consolidated financial statements

Description	Gross carrying amount				Depreciation/Amortisation			Net Carrying Amount
	01.04.2019	Additions	Exchange rate difference	31.03.2020	Charge during the year	Exchange rate difference	31.03.2020	31.03.2020
Right of use asset								
Building	24.46	-	-	24.46	3.58	0.18	3.76	20.69
Plant and Machinery	0.06	-	-	0.06	0.05	0.00	0.05	0.01
Vehicle	0.23	1.00	0.05	1.28	0.37	0.02	0.39	0.89
<b>Total</b>	<b>24.74</b>	<b>1.00</b>	<b>0.05</b>	<b>25.79</b>	<b>4.00</b>	<b>0.20</b>	<b>4.20</b>	<b>21.59</b>

**Albonair GmbH Consolidated**  
**Notes annexed to and forming part of the consolidated financial statements**

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	<b>As at March 31, 2020 Rs. Crores</b>	<b>As at March 31, 2019 Rs. Crores</b>
<b>1.3 OTHER NON-CURRENT ASSETS</b> <b>(Unsecured, considered good unless otherwise stated)</b>		
a) Others		
i. Other advances (includes prepaid expenses, etc.)	0.31	0.41
	<b>0.31</b>	<b>0.41</b>

	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
<b>1.4 INVENTORIES</b>		
(a) Raw materials and components	20.60	26.56
(b) Work-in-progress	3.68	1.98
(c) Finished goods	11.77	14.83
	<b>36.04</b>	<b>43.37</b>

**Albonair GmbH Consolidated****Notes annexed to and forming part of the consolidated financial statements**

	<b>As at March 31, 2020 Rs. Crores</b>	<b>As at March 31, 2019 Rs. Crores</b>
<b>1.5 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES (Unsecured)</b>		
Considered good		
Related parties	2.87	3.68
Others	31.85	51.99
	<b>34.72</b>	<b>55.68</b>
Less: Loss allowance	-	0.45
	<b>34.72</b>	<b>55.23</b>

**Albonair GmbH Consolidated****Notes annexed to and forming part of the consolidated financial statements**

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		<b>As at March 31, 2020 Rs. Crores</b>	<b>As at March 31, 2019 Rs. Crores</b>
<b>1.6</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	i) Balance with banks:		
	a) In current accounts	22.00	11.37
	ii) Cash and stamps on hand	0.02	0.01
		<b>22.02</b>	<b>11.38</b>

**Albonair GmbH Consolidated****Notes annexed to and forming part of the consolidated financial statements**

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	<b>As at March 31, 2020 Rs. Crores</b>	<b>As at March 31, 2019 Rs. Crores</b>
<b>1.7 CURRENT FINANCIAL ASSETS - OTHERS (Unsecured, considered good unless otherwise stated)</b>		
b) Employee advances	0.02	-
i) Others (includes expenses recoverable, etc.) Considered good	12.85	-
	<b>12.87</b>	<b>-</b>

**Albonair GmbH Consolidated****Notes annexed to and forming part of the consolidated financial statements**

	<b>As at March 31, 2020 Rs. Crores</b>	<b>As at March 31, 2019 Rs. Crores</b>
<b>1.8 OTHER CURRENT ASSETS</b> <b>(Unsecured, considered good unless otherwise stated)</b>		
a) Prepayments under operating leases (only for March 31, 2019)	-	0.02
b) Supplier advances Considered good	0.18	-
c) Balances with customs, port trust, central excise etc.	-	4.96
d) Others*	9.40	1.64
	<b>9.58</b>	<b>6.63</b>

\* Includes:

- Input tax credit recoverable

    - Value Added Tax / Sales Tax

- Prepaid expenses

9.19

0.21

1.48

0.17

	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
1.9 EQUITY SHARE CAPITAL		
Authorized, Issued, Subscribed and fully paid up	368.08	368.08
	<b>368.08</b>	<b>368.08</b>



**Albonair GmbH Consolidated**  
**Notes annexed to and forming part of the consolidated financial statements**

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	<b>Note</b>	<b>As at March 31, 2020 Rs. Crores</b>	<b>As at March 31, 2019 Rs. Crores</b>
<b>1.10 OTHER EQUITY</b>			
Foreign Currency Translation Reserve		(8.94)	(11.22)
Retained Earnings		(355.82)	(324.14)
		<b>(364.77)</b>	<b>(335.36)</b>

**Albonair GmbH Consolidated****Notes annexed to and forming part of the consolidated financial statements**

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	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
	<b>Rs. Crores</b>	<b>Rs. Crores</b>
<b>1.11 NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS</b>		
<b>a) Secured borrowings</b>		
i. Term loan from banks	-	3.88
	<b>-</b>	<b>3.88</b>

**Albonair GmbH Consolidated**

**Notes annexed to and forming part of the consolidated financial statements**

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	<b>As at March 31, 2020 Rs. Crores</b>	<b>As at March 31, 2019 Rs. Crores</b>
<b>1.12 NON-CURRENT - OTHER FINANCIAL LIABILITIES</b>		
a) Others	0.15	0.38
	<b>0.15</b>	<b>0.38</b>

**Note:**

These are carried at amortised cost.

<b>1.13 NON-CURRENT PROVISIONS</b>	<b>As at March 31, 2020 Rs. Crores</b>	<b>As at March 31, 2019 Rs. Crores</b>
a) Others		
i. Product warranties	12.76	34.11
ii. Others (including litigation matters)	-	0.97
	<b>12.76</b>	<b>35.08</b>

**Note:**

Movement in Provision for product warranties is as follows :

<b>Particulars</b>	<b>March 2020</b>	<b>March 2019</b>
Opening	34.11	37.02
Add: Additions (net of utilisations)	(21.35)	(2.91)
Closing	12.76	34.11

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which range from 1 to 24 months.

Movement in Provision for others (including litigation matters) is as follows :

<b>Particulars</b>	<b>March 2020</b>	<b>March 2019</b>
Opening	0.97	-
Add: Additions		0.97
Less: Utilisations / Reversals	0.97	
Closing	-	0.97

**Albonair GmbH Consolidated****Notes annexed to and forming part of the consolidated financial statements**

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	<b>As at March 31, 2020 Rs. Crores</b>	<b>As at March 31, 2019 Rs. Crores</b>
<b>1.14 CURRENT FINANCIAL LIABILITIES - BORROWINGS</b>		
<b>Unsecured borrowings</b>		
Short term loans from banks	116.47	78.10
Loans from related parties	4.14	-
	<b>120.61</b>	<b>78.10</b>

**Note:**

These are carried at amortised cost.

	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
<b>1.15 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES</b>		
Trade payables - including acceptances		
a) Total outstanding dues of creditors other than micro enterprises and small enterprises	56.64	40.80
	<b>56.64</b>	<b>40.80</b>

**Note:**

These are carried at amortised cost.

**Albonair GmbH Consolidated****Notes annexed to and forming part of the consolidated financial statements**

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	<b>As at March 31, 2020 Rs. Crores</b>	<b>As at March 31, 2019 Rs. Crores</b>
<b>1.16 CURRENT - OTHER FINANCIAL LIABILITIES</b>		
a) Interest accrued but not due on borrowings	1.05	0.73
b) Employee benefits	0.03	0.04
c) Others *	8.64	12.10
	<b>9.71</b>	<b>12.87</b>
* Includes:		
- Accrued expenses / liabilities	8.64	12.10

**Albonair GmbH Consolidated**

**Notes annexed to and forming part of the consolidated financial statements**

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	<b>As at March 31, 2020 Rs. Crores</b>	<b>As at March 31, 2019 Rs. Crores</b>
<b>1.17 CONTRACT LIABILITIES</b>		
a) Advance from customers	41.40	29.32
	<b>41.40</b>	<b>29.32</b>



**Albonair GmbH Consolidated**  
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1.18	CURRENT PROVISIONS	As at March 31, 2020 Rs. Crores	As at March 31, 2019 Rs. Crores
	a) Others		
	i. Product warranties	15.48	-
		<b>15.48</b>	<b>-</b>

**Note:**

Movement in Provision for product warranties is as follows :

<b>Particulars</b>	<b>March 2020</b>	<b>March 2019</b>
Opening	-	
Add: Additions (net of utilisations)	15.48	
Closing	15.48	-

**Albonair GmbH Consolidated**

**Notes annexed to and forming part of the consolidated financial statements**

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**2.1 REVENUE FROM OPERATIONS**

a) Sale of products

- Engines and gensets

	<b>Year ended March 31, 2020 Rs. Crores</b>	<b>Year ended March 31, 2019 Rs. Crores</b>
	355.11	436.38
	<b>355.11</b>	<b>436.38</b>

**Albonair GmbH Consolidated****Notes annexed to and forming part of the consolidated financial statements****2.2 OTHER INCOME**

	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
	<b>Rs. Crores</b>	<b>Rs. Crores</b>
a) Interest income from		
i. Loans to related parties	-	0.18
	<b>-</b>	<b>0.18</b>
b) Other non-operating income		
i. Profit on sale of Property, Plant and Equipment (net)	0.09	-
ii. Foreign exchange gain (net)	0.30	(0.04)
iii. Others	1.58	3.04
	<b>1.97</b>	<b>3.00</b>
	<b>1.97</b>	<b>3.18</b>

**2.3 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS**

	<b>Year ended March 31, 2020 Rs. Crores</b>	<b>Year ended March 31, 2019 Rs. Crores</b>
Changes in inventories		
- Finished goods and stock-in-trade	3.85	(5.77)
- Work-in-progress	(1.49)	-
<b>Net change</b>	<b>2.35</b>	<b>(5.77)</b>

2.4 EMPLOYEE BENEFITS EXPENSE

	Year ended March 31, 2020	Year ended March 31, 2019
	Rs. Crores	Rs. Crores
a) Salaries and wages	68.11	66.44
b) Contribution to provident and other funds	13.14	14.62
	<b>81.25</b>	<b>81.05</b>
Less: Expenses capitalised	16.63	15.25
	<b>64.62</b>	<b>65.80</b>

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**2.5 FINANCE COSTS**

	<b>Year ended March 31, 2020 Rs. Crores</b>	<b>Year ended March 31, 2019 Rs. Crores</b>
a) Interest expense	1.82	2.28
b) Interest on leases	1.40	-
	<b>3.22</b>	<b>2.28</b>

2.6 DEPRECIATION AND AMORTISATION EXPENSE

	Year ended March 31, 2020 Rs. Crores	Year ended March 31, 2019 Rs. Crores
<b>A) Property, plant and equipment</b>		
(i) Plant and equipment	4.43	4.73
(ii) Furniture and fittings	0.41	0.38
(iii) Office equipment	0.42	0.43
<b>(A)</b>	<b>5.26</b>	<b>5.53</b>
<b>B) Intangible assets</b>		
(i) Computer software - Acquired	0.74	1.46
(ii) Technical knowhow - Developed	6.19	4.15
<b>(B)</b>	<b>6.93</b>	<b>5.61</b>
<b>C) Amortisation of right to use asset</b>	4.00	-
<b>(A + B+C)</b>	<b>16.19</b>	<b>11.14</b>

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**2.7 OTHER EXPENSES**

	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
	<b>Rs. Crores</b>	<b>Rs. Crores</b>
(a) Consumption of stores and tools	0.10	0.10
(b) Power and fuel	1.08	0.97
(c) Rent*	0.90	5.89
(d) Repairs and maintenance		
- Buildings	0.20	0.10
- Plant and machinery	0.34	0.59
(e) Insurance	1.89	2.28
(f) Rates and taxes, excluding taxes on income	0.54	0.27
(g) Research and development	1.44	1.23
(h) Service and product warranties	26.29	22.90
(i) Packing and forwarding charges	2.36	2.83
(j) Selling and administration expenses - net	19.68	27.80
(k) Annual maintenance contracts	0.86	0.53
(l) Impairment loss allowance / write off on trade receivable (net)	(0.45)	0.21
	<b>55.22</b>	<b>65.69</b>

**Note:**

**\* Rent expenses include :**

- Short term lease expenses (except leases with lease term of one month or less)	0.62	-
- Short term lease expenses of low value assets	0.28	-



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**3.1 Unrecognised deductible temporary differences, unused tax losses and unused tax credits**

	<b>Rs. Crores</b>	
	<b>As at</b>	<b>As at</b>
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
- Unused tax losses	466.27	431.41
	<b>466.27</b>	<b>431.41</b>

**Notes:**

1 No time limit for unused tax losses in Germany

2 The above are gross amounts on which appropriate tax rates would apply.

### **3.2 Retirement benefit plans**

#### **Defined contribution plans**

Eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary.

The total expense recognised in profit or loss of Rs.13.14 crores (2018-2019: Rs.14.62 crores) represents contribution paid/ payable to these plans by the Company.

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**3.3 Leases**

**Maturity Analysis of future lease payments**

<b>Particulars</b>	<b>Year ended March 31, 2020 Rs in Crores</b>	<b>Year ended March 31, 2019 Rs in Crores</b>
(a) Not later than 1 year	5.25	5.25
(b) Later than 1 year and not later than 5 years	18.98	18.79
(c) Later than 5 years	2.27	6.66

**Details of rental payment for contracts for which exemption is availed under IND AS 116 on account of the following**

<b>Particulars</b>	<b>Year ended March 31, 2020 Rs in Crores</b>
Lease period being less than 12 months from the date of inception of lease	0.62
Lease asset being a low value asset	0.28

### **3.4 Financial Instruments**

#### **Capital management**

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual master planning and budgeting and five year's corporate plan for working capital, capital outlay and long-term product and strategic involvements. The funding requirements are met through equity, internal accruals and a combination of both long-term and short-term borrowings.

The Company monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Company.

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Debt (long-term and short-term borrowings including current maturities)	120.61	81.98
Total Equity	3.31	32.72
Debt equity ratio	36.44	2.51

#### **Financial risk management**

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Company uses derivative financial instruments to hedge risk exposures in accordance with the Company's policies as approved by the board of directors.

#### **Market risk**

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Company. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

**3.4 Financial Instruments continued...**

**Foreign currency risk management:**

The Company undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Company actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through a centralised treasury division and uses derivative instruments such as foreign currency forward contracts and currency swaps to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

**As on March 31, 2020 (all amounts are in equivalent Rs. in Crores):**

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	0.01		0.01	1.67		1.67	1.66
Others	8.52		8.52	41.19		41.19	32.67

**As on March 31, 2019 (all amounts are in equivalent Rs. in Crores):**

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD			-	0.64		0.64	0.64
Others	0.08		0.08	38.04		38.04	37.96

Note - Some of the derivatives reported under this column are not designated in hedging relationships but have been taken to economically hedge the foreign currency exposure.

## 3.4 Financial Instruments continued...

**Foreign currency sensitivity analysis:**

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments and the impact on the other components of equity arises from foreign currency forward contracts designated as cash flow hedges. The following table details the Company's sensitivity movement in the increase / decrease in foreign currencies exposures (net):

	<b>Rs Crores</b>	
	<b>USD impact</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Profit or loss	(0.01)	(0.01)
Equity		
	<b>Impact of other currencies</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Profit or loss	(0.44)	(0.67)
Equity		

**3.4 Financial Instruments continued...****Interest rate risk management:**

The Company is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

The exposure of company's borrowings to interest rate changes at the end of the reporting period are as follows:

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>Rs.crores</b>	<b>Rs.crores</b>
Variable rate Borrowings	120.61	81.98
	<b>120.61</b>	<b>81.98</b>

**Interest rate sensitivity analysis**

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/ lower, the Company's profit for the year ended March 31, 2020 would decrease/ increase by Rs. 0.26 crores (2018-19: decrease/ increase by Rs. 0.20 crores). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

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**3.4 Financial Instruments continued...**

**Equity price risk:**

Equity price risk is related to the change in market reference price of the investments in quoted equity securities. The fair value of some of the Company's investments exposes the Company to equity price risks. In general, these securities are not held for trading purposes.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company makes an allowance for doubtful debts using simplified approach for expected credit loss and on a case to case basis.

Age analysis of Trade receivables

	As at March 31, 2020			As at March 31, 2019		
	Rs.crores			Rs.crores		
	Gross	Allowance	Net	Gross	Allowance	Net
Not Due	30.13		30.13	44.69		44.69
Due less than 6 months	0.03		0.03	2.93	0.35	2.59
Due greater than 6 months	4.56		4.56	8.05	0.10	7.95
	<b>34.72</b>	<b>-</b>	<b>34.72</b>	<b>55.68</b>	<b>0.45</b>	<b>55.23</b>

Expected credit loss for other than trade receivables has been assessed and based on life-time expected credit loss, loss allowance provision has been made.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings.



## 3.4 Financial Instruments continued...

Liquidity tables:

The table below summarises the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the undiscounted cash flows.

	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Rs.crores Total
<b>March 31, 2020</b>				
Trade payables	56.64			56.64
Other financial liabilities	9.71	0.15		9.86
Borrowings	121.58			121.58
Lease liabilities	5.25	18.98	2.27	26.50
	<b>193.18</b>	<b>19.13</b>	<b>2.27</b>	<b>214.58</b>
<b>March 31, 2019</b>				
Trade payables	40.80			40.80
Other financial liabilities	12.87	0.38		13.25
Borrowings	78.10	3.88		81.98
	<b>131.77</b>	<b>4.27</b>	-	<b>136.03</b>

## 3.4 Financial Instruments

## Categories of Financial assets and liabilities:

	As at March 31, 2020	Rs.crores As at March 31, 2019
<b>Financial assets</b>		
<b><u>Measured at amortised cost:</u></b>		
Cash and cash equivalents	22.02	11.38
Trade Receivables	34.72	55.23
Others	12.87	0.41
<b>Financial liabilities</b>		
<b><u>Measured at amortised cost:</u></b>		
Borrowings	120.61	81.98
Trade Payables	56.64	40.80
Lease liability	22.29	-
Other financial liabilities	32.15	13.25

3.5 Revenue from contracts with customers:

3.5.1 Disaggregated revenue information

Particulars	March 31, 2020	March 31, 2019
	Rs.crores	Rs.crores
Type of goods and service		
a) Sale of products		
- Engines and gensets	355.11	436.38
<b>Total revenue from contract with customers</b>	<b>355.11</b>	<b>436.38</b>
India	1.90	
Outside India	353.20	436.38
<b>Total revenue from contract with customers</b>	<b>355.11</b>	<b>436.38</b>

Timing of revenue recognition

Particulars	March 31, 2020		31-Mar-19	
	At a point in time	Over a period of time	At a point in time	Over a period of time
- Sale of products and other operating income	355.11			436.38
<b>Total revenue from contract with customers</b>	<b>355.11</b>	<b>-</b>	<b>436.38</b>	<b>-</b>

Note:

Albonair sells and develops aftertreatment systems for trucks and busses. Main customer is the Volvo Group in Europe which accounts for round about 90% of the sales. Credit period for sales is mainly 90 days and the warranty period 24 months.

3.5.2 Contract balances

	March 31, 2020	March 31, 2019
	Rs.crores	Rs.crores
Trade receivables	34.72	55.23
Contract liabilities	41.40	29.32

3.5.3 Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

Particulars	March 31, 2020	March 31, 2019
	Rs.crores	Rs.crores
Contracted price	355.11	436.38
<b>Adjustments</b>		
Rebates and discounts	-	
<b>Revenue from contract with customers</b>	<b>355.11</b>	<b>436.38</b>

3.5.4 Unsatisfied or partially unsatisfied Performance obligation

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at March 31, 2020 are, as follows:

	March 31, 2020	March 31, 2019
	Rs.cror	Rs.crores
Within one year	41.40	29.32
More than one year	41.40	29.32

The remaining performance obligations expected to be recognised in more than one year relate to the extended warranty and other obligation which is expected to be recognised over a period of 24 months to 48 months.

**3.6 Related party disclosure**

*a) List of parties where control exists*

**Holding company**  
Ashok Leyland Limited

3.6 Related party disclosure continued...

*b) Other related parties*

**Fellow subsidiaries**

Albonair India

Albonair GmbH Consolidated

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3.6 Related party disclosure continued...

c) Related Party Transactions - summary

Rs.crores

		Fellow Subsidiaries		Holding Company		Total	
		2020	2019	2020	2019	2020	2019
	<b>Transactions during the year ended March 31</b>						
1	Purchase of raw materials, components and traded goods	1.76	0.12			1.76	0.12
2	Sales and services	2.74	0.70	9.40	12.66	12.14	13.37
3	Interest expenses			0.10	0.10	0.10	0.10

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**3.6 Related party disclosure continued...****d) Related Party balances - summary****Rs.crores**

		Fellow Subsidiaries		Holding Company		Total	
	<i>Balances as on March 31</i>	2020	2019	2020	2019	2020	2019
1	Trade receivables	2.08	3.56	0.79	0.12	2.87	3.68
2	Loans			4.14	3.88	4.14	3.88
3	Trade and other payables	0.91	0.12	0.04	0.03	0.95	0.16
4	Corporate guarantees taken			115.88	113.26	115.88	113.26



3.6 Related party disclosure continued...

e) Significant Related Party Transactions

Transactions during the year ended March 31	Rs.crores	
	2020	2019
1 Purchase of raw materials, components and traded goods (net of GST/ CENVAT / VAT)		
Albonair India	1.76	0.12
2 Sales and services (net of excise duties/GST)		
Albonair India	2.74	0.70
Ashok Leyland Limited	9.40	12.66

3.7 Details of Non-current borrowings:  
Unsecured borrowings:

As at March 31, 2020			Particulars of Redemption / Repayment	As at March 31, 2019		
Non Current Rs.crores	Current Maturities Rs.crores	Total Rs.crores		Non Current Rs.crores	Current Maturities Rs.crores	Total Rs.crores
-	-	-	April 1, 2020	3.88	-	3.88
<b>-</b>	<b>-</b>	<b>-</b>		<b>3.88</b>	<b>-</b>	<b>3.88</b>

**3.7 Details of current borrowings**

	<b>As at March 31, 2020</b>	<b>Particulars of Repayment</b>	<b>As at March 31, 2019</b>
	<b>Rs.crores</b>		<b>Rs.crores</b>
<b>Unsecured borrowings</b>			
Citi Bank	116.47	Payable within one year, can be renewed annually (working capital facility)	78.10
Ashok Leyland Limited	4.14	Payable on 31.03.2021	
	<b>120.61</b>		<b>78.10</b>

The above loans carry varying rates of interest with the maximum rate of interest going upto 2.5% (as at March 31, 2019: 0.75%) per annum. The weighted average rate of interest of these loans is around 0.75% (2018-19: 0.75%) per annum.

## 3.8 Information relating to subsidiaries

A) Details of the Group's subsidiaries are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest	
			As at March 31, 2020	As at March 31, 2019
Albonair Automotive Technology Co. Ltd	Relating to commercial vehicle	China	100.00%	100.00%

B) Composition of the Group:

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		March 31, 2020	March 31, 2019
Relating to commercial vehicle	China	1	1