

COMPONENT AUDITOR CLEARANCE MEMORANDUM — AUDIT OF THE COMPONENT'S FINANCIAL INFORMATION

From: DFK Llarena, S.C., Monterrey, México

Date: April 15, 2021

To: Deloitte Haskins & Sells, Ahmedabad, India

In accordance with your instructions dated March 10, 2021, we have audited for purposes of your audit of the consolidated financial statements of Symphony Limited (the "Group") the financial information included in the special purpose reporting package (the "financial information") of Impco, S. de R.L. de C.V., for the year ended 31st March, 2021. This financial information has been prepared solely to enable the Group to prepare its consolidated financial statements. We have also performed additional procedures in accordance with your instructions, and our findings are included Appendix G and Appendix H.

Management's Responsibility

Management is responsible for the preparation and presentation of the financial information on the basis of Symphony Limited's Group's accounting policies, and for such internal control as management determines is necessary to enable the preparation of the 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 the financial information using International Standards of Auditing and in accordance with your instructions. As requested by you, we planned and performed our audit, including the additional procedures, in accordance with your instructions, using the component materiality and component performance materiality specified in your instructions, which is different than the materiality and performance materiality that we would have used had we been designing the audit to express an opinion on the financial information of the component alone.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the special purpose 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 financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. The conclusions reached in forming our opinion are based on the component materiality and component performance materiality specified by you, in the context of the audit of the consolidated financial statements of the Group.

We have complied with the requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, including the requirements related to Public Interest Entities.

Opinion

In our opinion, the financial information for Impco, S.de R.L. de C.V. as of 31st March, 2021 and for the year then ended has been prepared, in all material respects, on the basis of Symphony Limited's Group's accounting policies.

Restriction on Use and Distribution

This financial information has been prepared for purposes of providing information to the Group to enable it to prepare its consolidated financial statements. As a result, the financial information is not a complete set of financial statements of Impco, S. de R.L. de C.V. in accordance with accounting principles generally accepted in India, and is not intended to give a true and fair view of the financial position of Impco, S. de R.L. de C.V. as of March 31, 2021, and of its financial performance, and its cash flows for the year then ended in accordance with accounting principles generally accepted in India. The financial information may, therefore, not be suitable for another purpose.

This report is intended solely for Deloitte Haskins & Sells and should not be used by, or distributed to, anyone in the Group, any of its components, or any other third party.



Salvador Llarena Menard

Partner / DFK Llarena

April 15, 2021

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IMPCO, S. de R. L. de C. V.

BALANCE SHEET

(In '000 MXP)

Particulars	Note	As at 31/03/2021	As at 31/03/2020
I ASSETS			
(1) Non-Current Assets			
(a) Property, plant and Equipment	2a)	8,092	9,323
(b) Right-of-use-asset	2a)	4,567	10,661
(c) Capital work - in - progress	2b)	-	-
(d) Other Intangible Assets	2c)	1,606	1,806
(e) Deferred Income Tax Asset	3	16,064	-
(f) Financial Assets			
(i) Other Financial Assets	4	712	890
Total Non-Current Assets		31,041	22,680
(2) Current Assets			
(a) Inventories	5	77,530	110,873
(b) Financial Assets			
(i) Other Investments	6	8,865	17,776
(ii) Trade Receivables	7	60,103	73,226
(iii) Cash and Cash Equivalents	8	1,367	13,222
(c) Other Current Assets	9	34,029	32,703
Total Current Assets		181,894	247,800
Total Assets		212,935	270,480
II EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	10	1	1
(b) Other Equity	11	134,814	129,546
Total Equity		134,815	129,547
(2) Non-Current Liabilities			
(a) Financial liabilities			
(i) Lease Liabilities	12	1,575	7,266
(a) Provisions	13	8,205	7,335
Total Non-Current Liabilities		9,780	14,601
(3) Current Liabilities			
(a) Financial liabilities			
(i) Trade Payables	14	33,605	81,698
(ii) Lease Liabilities	15	3,514	3,994
		37,119	85,692
(b) Other Current Liabilities	16	28,560	40,314
(c) Provisions	17	250	326
(d) Current tax liabilities (Net)	18	2,411	-
Total Current Liabilities		68,340	126,332
Total Liabilities		78,120	140,933
Total Equity and Liabilities		212,935	270,480

See accompanying notes forming part of the Financial Statements 1-33

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IMPCO, S. de R. L. de C. V.			
STATEMENT OF PROFIT AND LOSS		(In '000 MXP)	
Particulars	Note	Year Ended 31/03/2021	Year Ended 31/03/2020
I Revenue from Operations	19	217,508	274,888
II Other Income	20	1,635	2,217
III Total Revenue (I + II)		219,143	277,105
IV Expenses:			
Cost of Material Consumed	21	60,649	132,488
Purchase of Stock-in-Trade	22	42,960	77,960
Changes in Inventories of Finished Goods, Work- in-Progress and Stock-in-Trade	23	31,356	(19,245)
Employee Benefit Expense	24	25,570	28,461
Finance Costs	25	762	1,565
Depreciation and Amortization Expense	2	7,137	7,594
Advertisement and Sales Promotion Expense	26	1,019	3,371
Other Expenses	26a)	35,957	36,809
Total Expenses (IV)		205,410	269,003
V Profit before Exceptional Items and tax (III - IV)		13,733	8,102
VI Exceptional Items		21,849	-
VII Profit before Tax (III – IV)		(8,116)	8,102
VIII Tax Expense:			
Current Tax		2,411	-
Deferred Tax		(15,982)	-
IX Profit for the year (V - VI)		5,455	8,102
X Other comprehensive income			
Items that will not to be reclassified to profit or loss :			
(i) Remeasurements of the defined benefit plans		(267)	(1,385)
(ii) Income tax effect on above		80	-
Items that will be reclassified to profit or loss :			
(i) Gain / (Loss) on Items designated as Fair Value Through Other Comprehensive Income			-
(ii) Income tax effect on above			-
Total other comprehensive income/(loss), net of tax(VIII)		(187)	(1,385)
XII Total comprehensive income for the year (VII+VIII)		5,268	6,717
See accompanying notes forming part of the Financial Statements		1-33	

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IMPCO, S. de R. L. de C. V.
STATEMENT OF CHANGES IN EQUITY

A EQUITY SHARE CAPITAL

Amount in '000 MXP

Balance as at March 31, 2019	1
Add: Issue during the year	-
Balance as at March 31, 2020	1
Add: Issue during the period	-
Balance as at March 31, 2021	1

B OTHER EQUITY

Amount in '000 MXP

Particulars	Retained Earnings	Total
Balance as on March 31, 2019	122,829	122,829
Profit during the year	8,102	8,102
Other Comprehensive Income for the period, net of income tax	(1,385)	(1,385)
Total Comprehensive Income for the period	6,717	6,717
IND AS adjustment in Other Equity	-	-
Balance as on March 31, 2020	129,546	129,546
Profit during the year	5,455	5,455
Other Comprehensive Income for the period, net of income tax	(187)	(187)
Total Comprehensive Income for the period	5,268	5,268
IND AS adjustment in Other Equity	-	-
Balance as on March 31, 2021	134,814	134,814

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STATEMENT OF CASH FLOWS

(In '000 MXP)

Particulars	Year Ended 31/03/2021	Year Ended 31/03/2020
A CASH FLOW FROM OPERATING ACTIVITIES :		
Profit for the year	5,455	8,102
Adjustments For		
Income tax expenses recognised in profit or loss	(13,571)	-
Depreciation and Amortization Expense	7,137	7,594
Cancellation Right-of-use-asset	2,411	-
Finance costs recognised in profit or loss	762	1,565
Interest Income recognised in profit or loss	(795)	(1,135)
Allowances for credit losses on trade receivables	21,849	-
(Gain)/Loss on disposal of property, plant and equipment	2,526	(155)
Operating Profit Before Working Capital Changes	<u>25,774</u>	<u>15,971</u>
Movements in working capital:		
(Increase) in trade and other receivables	(11,426)	585
(Increase)/Decrease in inventories	33,343	(18,491)
Decrease in other assets	(1,148)	19,708
Increase/(Decrease) in trade payables	(48,093)	2,805
Increase in other liabilities	(11,754)	12,395
Increase/(Decrease) in provisions	525	(837)
Cash Generated from Operations	<u>(12,779)</u>	<u>32,136</u>
Income taxes paid	-	-
Net Cash generated by Operating Activities (A)	(12,779)	32,136
B CASH FLOW FROM INVESTING ACTIVITIES :		
Payments to acquire property, plant and equipment / Intangibles	(2,185)	(2,404)
Proceeds from disposal of property, plant and equipment	336	157
Interest Received	795	1,135
Net payments to acquire mutual funds	8,911	(15,098)
Payments to acquire financial assets	(4)	(14)
Net Cash generated / (Used) in Investing Activities (B)	7,853	(16,224)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Payments on lease liabilities	(6,171)	(3,807)
Finance Cost paid	(762)	(1,565)
Net Cash Used in Financing Activities (C)	(6,933)	(5,372)
Net Increase (Decrease) in Cash & Cash Equivalents (A+B+C)	(11,859)	10,540
Cash & Cash Equivalents at the beginning of the year	12,675	2,135
Cash & Cash Equivalents at the end of the year	816	12,675
Cash on Hand	121	99
Balances with Schedule Bank in Current Account	695	12,576
Cash & Cash Equivalents included in Note no.7	816	12,675

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Notes forming part of the Financial Statements

(1) Significant Accounting Policies:

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016.

(i) Basis of Accounting:

The Accounts have been prepared using historical cost convention and on the basis of going concern.

Opening / Closing Balances of Assets and Liabilities are converted at opening / closing rates respectively. Transaction during the year are converted at the average rate.

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Notes forming part of the Financial Statements

(In '000 MXP)

(2) Property, Plant and Equipment, Capital Work-In-Progress & Other Intangible Assets

	Plant Property Equipment							Total (A)	Other Intangible Assets	Total (B)	Capital WIP (C)	Grand Total (A+B+C)
	Free Hold Land	Buildings	Right to Use Asset	Plant & Machinery	Furniture & Fixtures	Computer	Vehicles					
Gross Block												
As at 31/03/2019	-	3,462	-	19,289	1,044	1,595	2,821	28,211	1,244	1,244	-	29,455
Additions	-	-	15,068	976	-	91	623	16,758	714	714	-	17,472
Disposals	-	-	-	654	-	435	62	1,151	-	-	-	1,151
As at 31/03/2020	-	3,462	15,068	19,611	1,044	1,251	3,382	43,818	1,958	1,958	-	45,776
Additions	-	275	200	7,147	-	63	-	7,685	-	-	253	7,938
Disposals	-	-	4,380	5,769	-	5	578	10,732	-	-	253	10,985
As at 31/03/2021	-	3,737	10,888	20,989	1,044	1,309	2,804	40,771	1,958	1,958	-	42,729
Accumulated Depreciation and Amortization												
As at 31/03/2019	-	243	-	13,235	164	1,210	2,689	17,541	-	-	-	17,541
Depreciation and Amortization For The Period	-	174	4,407	2,422	101	178	160	7,442	152	152	-	7,594
Eliminated on disposals of assets	-	-	-	654	-	434	61	1,149	-	-	-	1,149
As at 31/03/2020	-	417	4,407	15,003	265	954	2,788	23,834	152	152	-	23,986
Depreciation and Amortization For The Period	-	179	3,883	2,419	100	183	173	6,937	200	200	-	7,137
Eliminated on disposals of assets	-	-	1,969	107	-	5	578	2,659	-	-	-	2,659
As at 31/03/2021	-	596	6,321	17,315	365	1,132	2,383	28,112	352	352	-	28,464
Net Block												
As at 31/03/2019	-	3,219	-	6,054	880	385	132	10,670	1,244	1,244	-	11,914
As at 31/03/2020	-	3,045	10,661	4,608	779	297	594	19,984	1,806	1,806	-	21,790

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Notes forming part of the Financial Statements

(In '000 MXP)

(3) DEFERRED INCOME TAX ASSET

Particulars	As at 31/03/2021	As at 31/03/2020
Deferred Income Tax Asset	16,064	-
Total	16,064	-

(4) OTHER NON-CURRENT FINANCIAL ASSETS

Particulars	As at 31/03/2021	As at 31/03/2020
Unsecured, considered good		
Other loans and advances		890
Deposit Others	712	-
	712	890

(5) INVENTORIES

Particulars	As at 31/03/2021	As at 31/03/2020
Raw materials (Including Packing Material)	22,602	24,589
Finished Goods	31,012	36,025
Stock-In-Trade Including Goods in Transit	23,916	50,259
	77,530	110,873

(6) OTHER INVESTMENTS

Particulars	As at 31/03/2021		As at 31/03/2020	
Current Investments	Nos.		Nos.	
Unquoted Investments				
Investment in Mutual Funds at FVTPL				
BBVA BANCOMER S.A.-BMRGOBP Series E	630,394	8,865	1,299,612	17,776
		8,865		17,776

(7) TRADE RECEIVABLE

Particulars	As at 31/03/2021	As at 31/03/2020
Considered good - Unsecured	85,448	73,226
Less : Allowances for credit losses	(25,345)	-
	60,103	73,226

Movement in the expected credit loss allowance

	As at 31/03/2021	As at 31/03/2020
Balance at beginning of the year	-	-
Change in allowance for credit impairment during the year	25,345	-
Trade receivables written off during the year	-	-
Balance at end of the year	25,345	-

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

(8) CASH & CASH EQUIVALENTS

Particulars	As at 31/03/2021	As at 31/03/2020
Cash and Cash Equivalents		
Cash on Hand	31	29
Balance with employees Imprest account	90	70
Balance with banks in current accounts	695	12,576
	816	12,675
Other Bank Balances		
In Earmarked Accounts		547
Margin Accounts	551	-
	1,367	13,222

(9) OTHER CURRENT ASSETS

Particulars	As at 31/03/2021	As at 31/03/2020
Advance for supply of goods and rendering of services		
Unsecured, considered good	25,468	20,793
Advances to related parties	-	1,144
Balance with statutory / government authorities	8,561	10,766
	34,029	32,703

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Notes forming part of the Financial Statements

(In '000 MXP)

(10) EQUITY SHARE CAPITAL

Particulars	As at 31/03/2021	As at 31/03/2020
Share Capital	1	1
	<u>1</u>	<u>1</u>

The details of shareholder holding more than 5% shares as at March 31, 2021 is set out below:

Name of the shareholder	% held as at March 31, 2021	% held as at March 31, 2020
Symphony Limited	99.90%	99.90%

(11) OTHER EQUITY

Particulars	As at 31/03/2021	As at 31/03/2020
Retained Earnings	134,814	129,546
	<u>134,814</u>	<u>129,546</u>

11.1 Retained Earnings

Particulars	As at 31/03/2021	As at 31/03/2020
Opening Balance	129,546	122,829
Profit for the year	5,455	8,102
Other Comprehensive income arising from remeasurement of defined benefit obligation, net of tax	(187)	(1,385)
Amount available for appropriation	<u>134,814</u>	<u>129,546</u>
Appropriations:	-	-
Closing Balance	134,814	129,546

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Notes forming part of the Financial Statements

(In '000 MXP)

(12) OTHER NON-CURRENT FINANCIAL LIABILITIES		
Particulars	As at 31/03/2021	As at 31/03/2020
Lease Liabilities (LT Portion)	1,575	7,266
	<u>1,575</u>	<u>7,266</u>
(13) LONG-TERM PROVISIONS		
Particulars	As at 31/03/2021	As at 31/03/2020
Provision for Defined Benefit Plan	8,205	7,335
	<u>8,205</u>	<u>7,335</u>
(14) TRADE PAYABLES		
Particulars	As at 31/03/2021	As at 31/03/2020
Trade Payables	6,385	10,376
Trade Payables Related Party	27,220	71,322
	<u>33,605</u>	<u>81,698</u>
(15) OTHER FINANCIAL LIABILITIES		
Particulars	As at 31/03/2021	As at 31/03/2020
Lease Liabilities (ST Portion)	3,514	3,994
	<u>3,514</u>	<u>3,994</u>
(16) OTHER CURRENT LIABILITIES		
Particulars	As at 31/03/2021	As at 31/03/2020
For other liabilities		
Advance from Customers	-	-
Statutory Dues	12,755	14,996
Other Payables	15,805	25,318
	<u>28,560</u>	<u>40,314</u>
(17) SHORT-TERM PROVISIONS		
Particulars	As at 31/03/2021	As at 31/03/2020
Provisions for		
Warranty	250	326
	<u>250</u>	<u>326</u>
	Warranty	Warranty
Opening Balance	326	597
Additional provisions recognised	1,629	1,688
Reductions arising from payments	(1,705)	(1,959)
Closing Balance	250	326
(18) CURRENT TAX LIABILITIES (NET)		
Particulars	As at 31/03/2021	As at 31/03/2020
Tax liabilities		
Provision for income tax	2,411	-
Total	<u>2,411</u>	<u>-</u>
Tax assets		
Advance income tax	-	-
Total	<u>-</u>	<u>-</u>
Net	<u>2,411</u>	<u>-</u>

IMPCO, S. de R. L. de C. V.**Notes forming part of the Financial Statements**

(In '000 MXP)

(19) REVENUE FROM OPERATIONS		
Particulars	Year Ended 31/03/2021	Year Ended 31/03/2020
Revenue from Sale of Products	217,508	274,888
	<u>217,508</u>	<u>274,888</u>
Sale of products comprises of:		
Air Coolers	208,785	267,100
Others	8,723	7,788
	<u>217,508</u>	<u>274,888</u>
(20) OTHER INCOME		
Particulars	Year Ended 31/03/2021	Year Ended 31/03/2020
Interest Income	795	1,135
Gain on disposal of property, plant and equipment	174	155
Foreign Exchange Fluctuation	-	19
Other Non Operating Income	666	908
	<u>1,635</u>	<u>2,217</u>
(21) COST OF MATERIAL CONSUMED		
Particulars	Year Ended 31/03/2021	Year Ended 31/03/2020
Opening Stock of Raw Materials	24,589	25,343
Add: Purchases	58,662	131,734
Less: Closing Stock of Raw Materials	22,602	24,589
	<u>60,649</u>	<u>132,488</u>
Cost of material comprises of Moulded Parts & components of Air Cooler		
(22) PURCHASE OF STOCK-IN-TRADE		
Particulars	Year Ended 31/03/2021	Year Ended 31/03/2020
Air Coolers	37,034	68,127
Others	5,926	9,833
	<u>42,960</u>	<u>77,960</u>
(23) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESSES AND STOCK-IN-TRADE		
Particulars	Year Ended 31/03/2021	Year Ended 31/03/2020
Opening Stock		
Work-in-Progress	-	-
Finished Goods	36,025	38,155
Stock-In-Trade	50,259	28,884
Less:		
Closing Stock		
Work-in-Progress	-	-
Finished Goods	31,012	36,025
Stock-In-Trade	23,916	50,259
	<u>31,356</u>	<u>(19,245)</u>
(24) EMPLOYEE BENEFIT EXPENSES		
Particulars	Year Ended 31/03/2021	Year Ended 31/03/2020
Salaries, Wages and Bonus	13,640	14,439
Contribution to Provident Fund and Other Funds	11,930	14,022
	<u>25,570</u>	<u>28,461</u>
(25) FINANCE COSTS		
Particulars	Year Ended 31/03/2021	Year Ended 31/03/2020
Interest Expense	762	1,565
	<u>762</u>	<u>1,565</u>

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Notes forming part of the Financial Statements

(In '000 MXP)

Particulars	Year Ended 31/03/2021	Year Ended 31/03/2020
(26) Advertisement and Sales Promotion	1,019	3,371
	1,019	3,371
(26a) OTHER EXPENSES		
Particulars	Year Ended 31/03/2021	Year Ended 31/03/2020
Stores, Spareparts and Packing Material consumed	95	254
Assembly and Labour Charges	5,361	6,832
Power and Fuel	429	578
Repairs & Maintenance		
Building	94	171
Machinery	335	607
Rent	2,115	1,413
Travelling	329	2,065
Communication Expenses	710	809
Insurance	922	690
Printing and stationery charges	130	122
Legal & Professional Charges	2,345	1,108
Payment to Auditors (Refer Note no. 29)	720	727
Vehicle Expenses	1,347	710
General Expenses	7,209	7,408
Bank Charges	205	196
Repairs Others	209	260
Foreign Exchange Fluctuation	1,954	-
Freight & Forwarding Charges	8,835	10,409
Warranty Expense	1,629	1,688
Sales Commission	984	762
	35,957	36,809

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Notes forming part of the Financial Statements

(In '000 MXP)

(27) Segment Reporting

(a) Secondary Segment: Geographical segment

	<u>Year Ended</u> <u>31/03/2021</u>	<u>Year Ended</u> <u>31/03/2020</u>
(1) Segment Revenue		
Mexico	212,896	266,951
Rest of the world	4,612	7,937
Net Revenue from Sale of Products	<u>217,508</u>	<u>274,888</u>
(2) Segment Profit before Interest and Taxes (PBIT)		
Mexico	(8,404)	7,568
Rest of the world	1,050	2,099
Total	<u>(7,354)</u>	<u>9,667</u>
Less: Finance Costs	762	1,565
Less: Taxes	<u>(13,571)</u>	-
Total Profit After Tax	<u>5,455</u>	<u>8,102</u>

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Notes forming part of the Financial Statements

(In '000 MXP)

(28) Related Party Disclosures

Sr no	Name of the Related Parties	Nature of relationship with company	Nature of transaction	Apr 2020 - Mar 2021		Apr 2019 - Mar 2020	
				Volume of transaction	Balance at the end of the period	Volume of transaction	Balance at the end of the period
1	Symphony Limited	The parent company	Sale of Goods	-	-	-	-
			Software expenses	124	-	124	-
			Purchase of fixed asset	34	-	-	-
			Purchase of Goods	28,184	27,216	70,528	71,322
2	Symphony Limited	The parent company	Loan taken	-	-	-	-
			Loan repaid	-	-	-	-
			Loan interest	-	-	-	-
3	Guangdong Symphony Keruilai Air Coolers Co., Ltd	Subsidiary of Symphony Limited	Sale of Goods	-	-	-	-
			Purchase of Goods	3,823	4	6,219	(1,144)
4	Climate Tech	Subsidiary of Symphony Limited	Sale of Goods	-	-	-	-
			Purchase of Goods	-	-	1,864	-
5	Bonaire USA LLC	Subsidiary of Symphony Limited	Sale of Goods	-	-	-	-
			Purchase of Goods	2,123	-	536	-

(29) Auditors' Remuneration

	mar-20	mar-20
a) As Auditor	687	689
b) In other capacity, in respect of		
i) Social Security Audit	33	38
ii) Certification	-	-
iii) Taxation Matters	-	-
	<u>720</u>	<u>727</u>

(30) Leases
30.1 : Leasing Arrangement

Effective from April 01, 2019, the Company adopted 'Ind AS 116 – Leases' and applied the Standard to all lease contracts existing as on April 01, 2019 using the modified retrospective method on the date of initial application i.e. April 01, 2019. The impact of Ind AS 116 is as follows:

Balance Sheet

The adoption of Ind AS 116 has resulted in an increase in total assets of 15,068 '000 MXP and liabilities are increased by 15,068 '000 MXP as at April 01, 2019.

Statement of profit and loss

Depreciation increased by 4,407 '000 MXP, finance costs increased by 1,564 '000 MXP due to the interest on lease liabilities and operating lease expenses decreased by 5,971 '000 MXP during the year ended March 31, 2020.

Statement of cash flows

Cas

Right-of-use asset is related to factory rental.

30.2 : Payment recognised as an expenses

	mar-21	mar-20
Minimum Lease Payments	2,115	1,413
Contingent Rentals	-	-
Sub-Lease payment received	-	-
Total	<u>2,115</u>	<u>1,413</u>

If there is some Non-cancellable operating lease then, following details are also required:

30.3 : Non-cancellable operating lease commitments

	mar-21	mar-20
Not later than 1 year	3,929	5,100
Later than 1 year and not later than 5 years	1,637	8,082
Later than 5 years	-	-
	<u>5,566</u>	<u>13,182</u>

(31) Details of yearwise carryforward loss of previous years under Income Tax Act. And for how many years the loss can be carryforward.

Calendar year of expiration	Tax loss carryforwards	Calendar year of expiration	Tax loss carryforwards
2026	-	2026	5,575
	-		5,575

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Notes forming part of the Financial Statements

(In '000 MXP)

(32) Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet Date

Particulars	mar-21			mar-20		
	Currency	In Foreign Currency	In '000 MXP	Currency	In Foreign Currency	In '000 MXP
Trade Payables	US\$	1,320,729	27,220	US\$	3,504,005	73,708
Advance for Import purchases	US\$	1,054,069	21,724	US\$	610,182	12,814
Advance from Customer	US\$	-	-	US\$	-	-
	GBP	-	-	GBP	-	-
Trade Receivable	US\$	-	-	US\$	-	-
	EURO	-	-	EURO	-	-
Loan Receivable	US\$	-	-	US\$	-	-

(33) Expenditure on Research & Development activities as certified by the Management are as under

<u>Particulars</u>	<u>mar-21</u>	<u>mar-20</u>
Capital Expenditure	-	-
Revenue Expenditure		
Material Cost	-	-
Other Expenses (general expenses)	442	207
Total	442	207

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Notes forming part of the Financial Statements

(In '000 MXP)

(34) Employee Benefits
Defined benefit plans

The defined benefit plan of the Company includes seniority premium and pension plan.

The plan typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities and other debt instruments.

Interest risk: A fall in the discount rate which is linked to the Government Securities. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Longevity risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

The Present value of gratuity obligations is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The principal assumptions used for the purposes of actuarial valuation were as follows:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Seniority Premium	Pension Plan	Seniority Premium	Pension Plan
Expected return on plan assets	-	-	-	-
Discount rate	7.25%	6.75%	7.25%	7.00%
Rate of salary increase	4.50%	4.50%	4.50%	4.50%
Rate of employee turnover	-	-	-	-

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:

	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Seniority Premium	Pension Plan	Seniority Premium	Pension Plan
Current service cost	80	370	109	336
Net interest expense	51	458	118	516
Actuarial (gains)/losses arising from experience adjustments	73	195	(521)	1,906
Adjustment in OCI due to extinction of obligations.	-	-	-	-
Components of defined benefit cost recognised in profit or loss	204	1,023	(293)	2,758
Actuarial (gains)/losses on obligation for the period	73	195	670	(450)
Adjustment in OCI due to extinction of obligations.	-	-	-	-
Return on plan assets (excluding interest income)	-	-	-	-
Components of defined benefit costs recognised in other comprehensive income	73	195	670	(450)
Total	277	1,218	377	2,308

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	As at March 31, 2021		As at March 31, 2020	
	Seniority Premium	Pension Plan	Seniority Premium	Pension Plan
Present value of defined benefit obligation	(747)	(7,459)	(724)	(6,612)
Fair value of plan assets	-	-	-	-
Deficit or Surplus	(747)	(7,459)	(724)	(6,612)
Net liability arising from defined benefit obligation	(747)	(7,459)	(724)	(6,612)

Movements in the present value of the defined benefit obligation are as follows:

	As at March 31, 2021		As at March 31, 2020	
	Seniority Premium	Pension Plan	Seniority Premium	Pension Plan
Opening defined obligation	724	6,612	1,224	5,292
Current service cost	80	370	109	336
Interest cost	51	458	118	516
Benefits paid	(180)	(176)	(207)	(1,438)
Actuarial (gains)/losses arising from changes in financial assumptions	-	133	149	1,454
Actuarial (gains)/losses arising from experience adjustments	72	62	(670)	452
Closing defined benefit obligation	747	7,459	724	6,612

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