



FM:SEC:F-42(17)

6th September 2022

The Secretary,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

Scrip Code: 500033

Sub.: Annual Report for the Financial Year 2021-22

Dear Sir / Madam,

Pursuant to Regulation 30 & 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; please find enclosed the following documents which are being sent to the Members of the Company:

1. Notice of the 63rd Annual General Meeting to be held on Wednesday, 28th September 2022; and
2. Annual Report for the Financial Year ended 31st March, 2022.

Kindly take the same on your record.

Thanking you,

Yours faithfully,
For Force Motors Limited

Gaurav Deshmukh
Company Secretary & Compliance Officer

Encl.: A/a.

FORCE MOTORS LIMITED

CIN : L34102PN1958PLC011172

Regd. Office : Mumbai-Pune Road, Akurdi, PUNE - 411 035, INDIA. Tel. : (+91) 20 27476381

Visit us at : www.forcemotors.com

63rd
ANNUAL REPORT
2021-22



FORCE MOTORS LIMITED

Mumbai-Pune Road, Akurdi,
Pune - 411 035, INDIA

New Products Introduced



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ZABARDAST**



BOARD OF DIRECTORS

Abhaykumar Firodia, Chairman
Prasan Firodia, Managing Director
Pratap Pawar
S. Padmanabhan
Nitin Desai
Dr. Indira Parikh
Arun Sheth
Arvind Mahajan
Lt. General (Retd.) (Dr.) D. B. Shekatkar
Vallabh Bhanshali
Mukesh Patel
Prashant V. Inamdar, Executive Director (Operations)

CHIEF FINANCIAL OFFICER

Sanjay Kumar Bohra

**COMPANY SECRETARY &
COMPLIANCE OFFICER**

Gaurav Deshmukh

AUDITORS**Statutory Auditor**

M/s. Kirtane & Pandit LLP
Chartered Accountants,
Pune.

Secretarial Auditor

Mr. I. U. Thakur
Company Secretary in Practice,
Pune.

Internal Auditors

M/s. Capri Assurance and Advisory Services
Chennai.

M/s. Jugal S. Rathi
Chartered Accountants,
Pune.

COST ACCOUNTANTS

M/s. Joshi Apte & Associates
Cost Accountants,
Pune.

REGISTERED OFFICE

Mumbai-Pune Road,
Akurdi, Pune - 411 035,
Maharashtra.

WORKS

- (i) Mumbai-Pune Road,
Akurdi, Pune - 411 035,
Maharashtra.
- (ii) Pithampur,
District Dhar - 454 775,
Madhya Pradesh.
- (iii) Nanekarwadi, Chakan,
District Pune - 410 505,
Maharashtra.
- (iv) Mahindra World City, Chengalpattu,
District Kancheepuram - 603 004,
Tamilnadu.

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NOTICE

NOTICE is hereby given that the 63rd Annual General Meeting (the 'AGM') of the members of Force Motors Limited (the 'Company') will be held on **Wednesday, the 28th day of September 2022 at 3.00 p.m. through Video Conference ('VC') / Other Audio Visual Means ('OAVM')** to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited standalone and consolidated Financial Statements of the Company, for the Financial Year ended 31st March 2022, together with the Board's Report and Auditors' Report thereon.
2. To declare dividend for the Financial Year ended 31st March 2022.
3. To appoint a Director in place of Mr. Prashant V. Inamdar (DIN: 07071502), who retires by rotation and being eligible, offers himself for re-appointment.
4. Re-appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants, as Statutory Auditors of the Company.

To consider and if thought fit, to pass, the following resolution, with or without modification(s), as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and pursuant to the recommendation of the Audit Committee and the Board of Directors of the Company, M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Registration No. 105215W/W100057) be and are hereby reappointed as the Statutory Auditors of the Company for second term of five consecutive years, who shall hold office from the conclusion of the 63rd AGM till the conclusion of the 68th AGM to be held in the year 2027, at a remuneration of ₹ 24,00,000/- (Rupees Twenty Four Lakh only) per annum, plus out of pocket expenses, if any, and the same may be revised during the tenure of Auditors as may be agreed between the Board of Directors of the Company and the Auditors, from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company, (including committees thereof), be and are hereby authorized to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms or submission of documents with any authority or accepting any modifications to the clauses as required by such authorities, for the purpose of giving effect to this resolution and for matters connected therewith, or incidental thereto."

SPECIAL BUSINESS

5. **Contribution to bona fide charitable and other funds**

To consider and if thought fit, to pass, the following resolution, with or without modification(s), as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 181 and other applicable provisions, if any, of the Companies Act, 2013, consent of the members be and is hereby accorded to the Board of Directors of the Company for contributing to bona fide charitable and other funds, a sum up to ₹ 25,00,00,000/- (Rupees Twenty Five Crore only), during the Financial Year 2022-23."

6. **Appointment of Cost Accountants with remuneration**

To consider and if thought fit, to pass, the following resolution, with or without modification(s), as an **Ordinary Resolution** :

"RESOLVED THAT M/s. Joshi Apte & Associates, Cost Accountants, Pune, who are appointed by the Board of Directors of the Company, to verify and review the cost records of the Company for the Financial Year ending 31st March 2023, be paid remuneration of ₹ 2,60,000/- (Rupees Two Lakh Sixty Thousand only) plus travelling and out of pocket expenses with taxes, if any."

7. **Appointment of Mr. Vallabh Bhanshali (DIN: 00184775) as a Director and as an Independent Director.**

To consider and if thought fit, to pass, the following resolution, with or without modification(s), as a **Special Resolution** :

"RESOLVED THAT Mr. Vallabh Bhanshali (DIN: 00184775), who was appointed as an Additional Director of the Company effective from 13th August 2022 by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and Article 113 of the Articles of Association of the Company, and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Act read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015), as amended from time to time, the appointment of Mr. Vallabh Bhanshali, who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, for a term of 5 consecutive years, commencing from 13th August 2022 to 12th August 2027 and who would not be liable to retire by rotation, be and is hereby approved.

RESOLVED FURTHER THAT the proposed terms and conditions for the appointment of Independent Director, as indicated in the Statement dated 13th August 2022 attached to this Notice, be and are hereby approved.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to issue letter of appointment to Mr. Vallabh Bhanshali, in respect of his appointment as an Independent Director and to take all necessary steps as may be required in this respect."

8. **Appointment of Mr. Mukesh Patel (DIN: 00053892) as a Director and as an Independent Director.**

To consider and if thought fit, to pass, the following resolution, with or without modification(s), as a **Special Resolution** :

"RESOLVED THAT Mr. Mukesh Patel (DIN: 00053892), who was appointed as an Additional Director of the Company effective from 13th August 2022 by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and Article 113 of the Articles of Association of the Company, and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Act read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI (LODR) Regulations, 2015'), as amended from time to time, the appointment of Mr. Mukesh Patel, who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, for a term of 5 consecutive years, commencing from 13th August, 2022 to 12th August, 2027 and who would not be liable to retire by rotation, be and is hereby approved.

RESOLVED FURTHER THAT the proposed terms and conditions for the appointment of Independent Director, as indicated in the Statement dated 13th August 2022 attached to this Notice, be and are hereby approved.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to issue letter of appointment to Mr. Mukesh Patel, in respect of his appointment as an Independent Director and to take all necessary steps as may be required in this respect."

9. Ratification of Material Related Party Transaction(s) entered between the Company and Jaya Hind Industries Private Limited, the holding Company, during the Financial Year 2021-22.

To consider and if thought fit, to pass, the following resolution, with or without modification(s), as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of Regulation 23, other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI (LODR) Regulations, 2015'), and the Company's Policy on the Materiality of Related Party Transactions, as amended from time to time, and as per approvals granted by the Audit Committee and the Board of Directors, approval of the members be and is hereby accorded to the transactions entered into by the Company with Jaya Hind Industries Private Limited, the holding company and a related party of the Company, during the Financial Year 2021-22 in the ordinary course of business and at arm's length basis, exceeding the threshold of materiality set in the aforementioned Policy read with SEBI (LODR) Regulations, 2015 and the particulars of which are set out in Item No. 9 of the statement attached to this notice."

10. Authority to the Board for entering into Related Party Transaction(s) with Jaya Hind Industries Private Limited, a holding Company, during the Financial Year 2022-23.

To consider and if thought fit, to pass, the following resolution, with or without modification(s), as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of Regulation 23, other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI (LODR) Regulations, 2015'), and the Company's Policy on the Materiality of Related Party Transactions, as amended from time to time, and as per approvals granted by the Audit Committee and the Board, consent of the members be and is hereby accorded to the Board for entering into any contract(s)/ arrangement(s)/ transaction(s) or any extension, renewal or modification thereto with Jaya Hind Industries Private Limited (CIN: U74999PN1947PTC005480), Holding Company and a related party of the Company, during the Financial Year 2022-23 and thereafter upto the date of next Annual General Meeting of the Company to be held in Financial Year 2023-24 or fifteen months from the date of this Annual General Meeting whichever is earlier, exceeding the threshold of materiality set in the aforementioned Policy read with SEBI (LODR) Regulations,

2015 and the particulars of which are set out in Item No. 10 of the statement attached to this notice.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, Members do hereby accord approval to the Board to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit from time to time and the Board is also hereby authorized to resolve and settle, from time to time all questions, difficulties or doubts that may arise with regard to above transactions and to finalize, execute, modify and amend all agreements, documents and writings, and to do all such acts, deeds and things in this connection and incidental as the Board in its absolute discretion may deem fit without being required to seek any further consent or approval of the members."

11. Authority to the Board for entering into Related Party Transaction(s) with Pinnacle Industries Limited, during the Financial Year 2022-23.

To consider and if thought fit, to pass, the following resolution, with or without modification(s), as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of Regulation 23, other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI (LODR) Regulations, 2015'), and the Company's Policy on the Materiality of Related Party Transactions, as amended from time to time, and as per the approvals granted by the Audit Committee and the Board, consent of the members be and is hereby accorded to the Board for entering into any contract(s)/ arrangement(s)/ transaction(s) or any extension, renewal or modification thereto with Pinnacle Industries Limited (CIN: U50300PN11996PLC100600), an entity in the Promoter Group and a related party of the Company, during the Financial Year 2022-23 and thereafter upto the date of next Annual General Meeting of the Company to be held in Financial Year 2023-24 or fifteen months from the date of this Annual General Meeting whichever is earlier, exceeding the threshold of materiality set in the aforementioned Policy read with the SEBI (LODR) Regulations, 2015 and the particulars of which are set out in Item No. 11 of the statement attached to this notice.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, Members do hereby accord approval to the Board to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit from time to time and the Board is also hereby authorized to resolve and settle, from time to time all questions, difficulties or doubts that may arise with regard to above transactions and to finalize, execute, modify and amend all agreements, documents and writings, and to do all such acts, deeds and things in this connection and incidental as the Board in its absolute discretion may deem fit without being required to seek any further consent or approval of the members."

12. Approval for payment of minimum remuneration to Mr. Prasan Firodia, Managing Director (DIN: 00029664)

To consider and if thought fit, to pass, the following resolution, with or without modification(s), as a **Special Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 197 of the Companies Act, 2013 ('the Act') read with Schedule V of the Act, other provisions of the Act as may be applicable and, as recommended by the Nomination and Remuneration Committee and the Board, where in any financial year during the Financial Years 2022-23, 2023-24 and 2024-25, the Company has no profits or its profits are inadequate, the remuneration, as approved by the Members in the Annual General Meeting held on 19th September 2019, the details of which are set out in the statement attached to this Notice, be paid to Mr. Prasan Firodia, Managing Director (DIN: 00029664) as minimum remuneration notwithstanding that such remuneration exceeds the limits as mentioned under Section 197 of the Act, but subject to conditions as prescribed under Schedule V to the Act, as may be amended from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, and to execute all such documents, instruments and writings as may be required, proper or expedient, to give effect to this resolution.”

13. Approval for payment of minimum remuneration to Mr. Prashant V. Inamdar, Executive Director (DIN: 07071502)

To consider and if thought fit, to pass, the following resolution, with or without modification(s), as a **Special Resolution** :

“RESOLVED THAT pursuant to the provisions of Section 197 of the Companies Act, 2013 (‘the Act’) read with Schedule V of the Act, other provisions of the Act as may be applicable, and as recommended by the Nomination and Remuneration Committee and the Board, where in any financial year during the Financial Years 2022-23, 2023-24 and 2024-25, the Company has no profits or its profits are inadequate, the remuneration, as approved by the Members in the Annual General Meeting held on 19th September 2019, the details of which are set out in the statement attached to this Notice, be paid to Mr. Prashant V. Inamdar, Executive Director, (DIN: 07071502) as minimum remuneration notwithstanding that such remuneration exceeds the limits as mentioned under Section 197 of the Act, but subject to conditions as prescribed under Schedule V to the Act, as may be amended from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, and to execute all such documents, instruments and writings as may be required, proper or expedient, to give effect to this resolution.”

NOTES :

1. Pursuant to General Circular No. 2/2022 dated 5th May 2022 read with circulars dated 13th January 2021, 8th December 2021 and 14th December 2021 (collectively referred to as ‘MCA Circulars’) issued by the Ministry of Corporate Affairs (‘MCA’) and Circular No. SEBI / HO / CFD/CMD2/CIR/P/2022/62 dated 13th May 2022 issued by the Securities and Exchange Board of India (‘SEBI’), companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, members can attend and participate in the ensuing AGM through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company. The Company is providing facility of remote e-Voting to its members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency.
2. Pursuant to the provisions of the Act, a member is entitled to attend and vote at the AGM through a proxy and a proxy need not be a member. However, the facility to appoint proxy to attend and cast vote for the members will not be available for this AGM as physical attendance of members has been dispensed with pursuant to the ‘MCA Circulars’. Hence, the Proxy Form and Attendance Slips are not annexed to this Notice. However, the bodies corporate are entitled to appoint authorised representatives to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.
3. The facility for joining the AGM through VC / OAVM will be open 15 minutes before and 15 minutes after the scheduled time of the commencement of the AGM and the members can join the AGM by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large shareholders holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. Institutional Investors, who are members of the Company, are encouraged to attend and vote at the AGM.
4. The members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. In line with the MCA and SEBI Circulars, the Notice for calling the AGM and the Annual Report 2021-22 are being sent only through electronic mode to those members whose email addresses are registered with the Company / Depository Participant(s) (DPs). The Notice and the Annual Report 2021-22, are available on the website of the Company at www.forcemotors.com and on the website of BSE Limited at www.bseindia.com. The AGM Notice is also available on the website of NSDL (agency for providing the e-Voting facility) i.e. www.evoting.nsdl.com.
6. The Statement, setting out the material facts, pursuant to Section 102 of the Act concerning the Special Business mentioned in the Notice, is annexed hereto. The Board of Directors at its meeting held on 13th August 2022 has decided that the special businesses set out under Item nos. 5 to 13, being considered ‘unavoidable’, be transacted at this AGM held through VC / OAVM. All documents referred to in the Item nos. 5 to 13, as well as Statutory Registers of the Company are available for inspection on the website of the Company viz. www.forcemotors.com.
7. Brief details of the Directors, who are seeking appointment/ re-appointment, are annexed hereto as per requirements of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI (LODR) Regulations, 2015’). The details w.r.t. re-appointment of statutory auditors as per Regulation 36(5) of the SEBI (LODR) Regulations, 2015 are provided in the Statement referred in serial no. 6 above.
8. Pursuant to the provisions of Section 91 of the Act, the Register of Members and share transfer books of the Company will remain closed from Thursday, 22nd September 2022 to Wednesday, 28th September 2022 (both days inclusive) for the purpose of AGM and to ascertain entitlement for payment of dividend, if declared. If the dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend will be made, subject to tax deducted at source (TDS), with 30 days from the date of AGM as under :
 - (a) To all Beneficial Owners in respect of shares held in electronic form as per the data as may be made available by NSDL and CDSL (both collectively referred to as ‘Depositories’ as of the close of business hours on Wednesday, 21st September, 2022;
 - (b) To all those shareholders holding shares in physical form, as per the details provided by the Registrar and Share Transfer Agent of the Company i.e. Link Intime India Pvt. Ltd. (‘RTA’) to the Company, as of or before the closing hours on Wednesday, 21st September 2022.
9. Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to address their questions to the Company Secretary of the Company at compliance-officer@forcemotors.com, so as to reach before Thursday, 22nd September 2022; so that the information required may be made available at the Meeting or by e-mail.

Further, please note that as the meeting will be held through VC, there will be limited opportunity for members to interact with the Management of the Company. Hence, the members are requested to send all their queries to the Company in advance, so that the same are suitably answered at the AGM, subject to the first part of this note. members who would like to express their views/have questions at the AGM, may register themselves as Speakers by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID / Folio no., PAN, Mobile Number at compliance-officer@forcemotors.com before Thursday, 22nd September 2022. Those members who have registered themselves as speakers will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

10. In case a person has become a member of the Company after dispatch of AGM Notice, but on or before the cut-off date for e-voting, i.e., Wednesday, 21st September 2022, such person may obtain the User ID and Password by sending a request at evoting@nsdl.co.in or to the Company at compliance-officer@forcemotors.com or to the RTA at sandip.pawar@linkintime.co.in.
11. Pursuant to the provisions of Section 72 of the Act read with SEBI Circular dated 3rd November 2021 and clarification circular dated 14th December 2021, the members holding shares in physical form, are advised to appoint a nominee in the prescribed Form SH-13 or Form ISR-3 (Declaration to Opt-out). The forms can be downloaded from the Company's website at <https://www.forcemotors.com/investors#shareholders-information> and is also available on the website of the RTA at <https://web.linkintime.co.in/KYC-downloads.html>. In respect of shares held in electronic / demat form, the members may please contact their respective DP.
12. SEBI vide its circular dated 25th January 2022, has mandated that listed companies shall henceforth issue the securities in dematerialised form only, while processing service requests such as issue of duplicate share certificates, transmission, transposition, etc. Accordingly, members who still hold share certificates in physical form are advised to dematerialise their holdings.
13. SEBI has, vide circular dated 3rd November 2021, mandated the furnishing of PAN, Address with PIN, email address, mobile number, bank account details and nomination by holders of physical securities. Folios wherein any one of the cited documents/details are not available on or after 1st April 2023, shall be frozen by the RTA of the Company. Members are requested to furnish the details in the prescribed form to RTA. Forms can be downloaded from the website of the Company at <https://www.forcemotors.com/investors#shareholders-information> and website of RTA at <https://web.linkintime.co.in/KYC-downloads.html>.
14. Members holding shares in physical form, in identical order of names, in more than one folio are requested to write to the Company to consolidate their holdings in one folio.
15. Non-Resident Indian members are requested to inform the Company's RTA immediately of :
 - (a) Change in their residential status on return to India for permanent settlement.
 - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
16. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number ('PAN'), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.
 - **For shares held in electronic form** : to their DP only and not to the Company's RTA. Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and its RTA provide efficient and better service to the members.
 - **For shares held in physical form** : to the Company's RTA in prescribed Form ISR -1 and other forms pursuant to SEBI circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November 2021, as per instructions mentioned in the form. The said form can be downloaded from the Company's website at <https://www.forcemotors.com/investors#shareholders-information> and is also available on the website of the RTA at <https://web.linkintime.co.in/KYC-downloads.html>.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER :

The remote e-voting period begins on Saturday, 24th September 2022 at 09:00 a.m. and ends on Tuesday, 27th September 2022 at 05:00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter. The members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 21st September 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 21st September 2022.

How do I vote electronically using NSDL e-Voting system?


The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below :

Step 1: Access to NSDL e-Voting system

(A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated 9th December 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below :

| Type of Shareholders | Login Method |
|--|--|
| Individual Shareholders holding securities in demat mode with NSDL. | 1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nSDL.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “ Beneficial Owner ” icon under “ Login ” which is available under ‘ IDeAS ’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “ Access to e-Voting ” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |
| | 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nSDL.com . Select “ Register Online for IDeAS Portal ” or click at https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp |
| | 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nSDL.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |
| | 4. Shareholders/Members can also download NSDL Mobile App “ NSDL Speede ” facility by scanning the QR code mentioned below for seamless voting experience. |
| | <p>NSDL Mobile App is available on</p>  |
| Individual Shareholders holding securities in demat mode with CDSL | 1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. |
| | 2. After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL . Click on NSDL to cast your vote. |
| | 3. If the user is not registered for Easi / Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration |
| | 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress. |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

Important note : Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|--|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 2305 8738 or 022-2305 8542-43 |

(B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is : |
|--|---|
| (a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN 300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| (b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****. |
| (c) For Members holding shares in Physical Form | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Password details for shareholders other than Individual shareholders are given below :

- (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- (c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit Client ID for NSDL account, last 8 digits of Client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:

- (a) Click on “**Forgot User Details/Password?**” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- (b) “**Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- (c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.

8. Now, you will have to click on “Login” button.

9. After you click on the “Login” button, Home page of e-Voting will open.

**Step 2 : Cast your vote electronically and join General Meeting on NSDL e-Voting system.****How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to parag.pansare@kirtanepandit.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Pratik Bhatt (022-2499 4738); Ms Pallavi Mhatre (022-2499 4545) or Mr. Amit Vishal (022-2499 6360) at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this Notice :

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to compliance-officer@forcemotors.com, sandip.pawar@linkintime.co.in or evoting@nsdl.co.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self

attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to compliance-officer@forcemotors.com, sandip.pawar@linkintime.co.in or evoting@nsdl.co.in.

3. If you are an individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
4. Alternatively, the shareholder / member may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
5. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and DPs. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER :

1. The procedure for e-Voting on the day of the AGM is same as per the instructions mentioned above for remote e-voting.
2. Only those members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER :

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against Company's name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further, members will be required to allow device camera in their browsers and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

OTHER MATTERS :

1. The Members who have so far not claimed the dividends declared for the Financial Years 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21 are requested to make their claim with the Company immediately. The details of such shareholders are available on the website of the Company at www.forcemotors.com and also on the website of the MCA at www.mca.gov.in. Further, the members who have not encashed dividend in previous seven consecutive years, are requested to approach the Company / RTA for claiming the same as early as possible, to avoid transfer of the relevant shares to the Investor Education and Protection Fund (IEPF). The Members, whose unclaimed dividends/ shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in.
2. As per the SEBI (LODR) Regulations, 2015 and pursuant to SEBI Circular dated 20th April 2018, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment of dividend to the members. Accordingly, the dividend, if declared will be paid through electronic mode, where the bank account details of the shareholders required for this purpose are available. Where the dividend cannot be paid through electronic mode, the same will be paid through physical instrument such as non-negotiable instruments with banks account details of such shareholders printed thereon.
3. The Board of Directors has appointed Mr. Parag Pansare, Chartered Accountant as Scrutinizer, to scrutinize the voting at the AGM and remote e-Voting process, in a fair and transparent manner.
4. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting, by use of remote e-Voting system for all those members who are present during the AGM but have not cast their votes by availing the remote e-Voting facility. The remote e-Voting module during the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.
5. The Scrutinizer shall, after the conclusion of voting at the AGM, first count the votes cast during the Meeting and, thereafter, unblock the votes cast through remote e-Voting, in the presence of at least two witnesses not in the employment of the Company and make, not later than two working days from the conclusion of the AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
6. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website www.forcemotors.com and on the website of NSDL www.evoting.nsdl.com, immediately after the declaration of the result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to BSE Limited, where the Company's Equity Shares are listed and be made available on its website viz. www.bseindia.com.
7. Since the AGM will be held through VC / OAVM, the route map is not annexed to the Notice.

INFORMATION ON TAX DEDUCTIBLE AT SOURCE ON DIVIDEND

In accordance with the provisions of the Income-tax Act, 1961, (the "IT Act") as amended by the Finance Act, 2020, effective April 1, 2020, dividend declared and paid by a Company is taxable in the hands of the shareholders. The Company is required to deduct tax at source at the rates applicable to each category of shareholders. The rates of tax deducted at source (TDS) for various categories of shareholders and the required documents are provided below :

Resident Shareholders :

1. Tax shall not be deducted for resident individual shareholders, if the aggregate amount of dividend to be paid for FY 2022-23 does not exceed ₹ 5,000/-.
2. Where, Permanent Account Number (PAN) is made available to the Company and is valid.
 - Tax shall be deducted at source in accordance with Section 194 of the IT Act @ 10%.
 - Tax at source shall not be deducted on the dividend payable in cases where the Individual shareholder provides duly completed and signed Form 15G or Form 15H (applicable to an individual above the age of 60 years), provided that all the eligibility conditions are met.
 - The tax shall be deductible at lower / Nil rate on submission of self-attested copy of the Certificate issued under section 197 of the IT Act.
3. Where PAN is either not available or is invalid, tax shall be deducted at source @ 20% under Section 206AA of the IT Act.
4. In order to provide exemption from withholding of tax, the following organisations must provide certified true copy of their PAN card, certificate of Registration certificate and a self-declaration as listed below:
 - **Insurance Companies** : A declaration that they are beneficial owners of the shares held;
 - **Mutual Funds** : A declaration that they are governed by the provisions of Section 10(23D) of the IT Act along with copy of registration documents (self-attested);
 - Corporation established by or under a Central Act which is under any law for the time being in force, exempt from income-tax on its income - Documentary evidence that the person is covered under Section 196 of the IT Act.

Non-Resident Members :

1. Tax is required to be deducted in accordance with the provisions of Section 195 of the IT Act and Section 196D of the IT Act at applicable rates in force. Accordingly, tax @ 20% (plus applicable surcharge, and health and education cess) shall be deducted on the amount of dividend payable. The tax shall be deducted at lower / Nil rate on submission of self-attested copy of the certificate issued under Section 195(3) of the IT Act.
2. However, pursuant to Section 90(2) of the IT Act, non-resident members has an option to be governed by the provisions of Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if such DTAA provisions are more beneficial to them.

To avail DTAA benefits, the non-resident shareholder shall furnish the following documents not later than 5.00 p.m. (IST) on Wednesday, 21st September 2022, to Link Intime India Private Limited (LIPL), RTA of the Company: -

- Self-attested copy of PAN allotted by the Indian income tax authorities. In case PAN is not available, the Non-resident shareholder shall furnish (a) Name, (b) contact id, (c) email id, (d) address in the residency country, (e) Tax identification number of residency country;
- Self-attested copy of Tax Residency Certificate (TRC) issued by the tax/competent authority of the country of residency, evidencing and certifying tax residency status in that country during FY 2022-2023; and
- Duly completed and signed self-declaration in Form 10F; and
- Self-declaration by the non-resident shareholder;

- In case of Foreign Institutional Investors and Foreign Portfolio Investors, self attested copy of SEBI registration certificate. The above documents is in a language other than English, a duly notarized and apostilled copy thereof, translated in English language would have to be provided.

The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and satisfactory review by the Company.

The tax shall be deducted at source @ 20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors and Foreign Portfolio Investors under section 196D of the IT Act.

TDS to be deducted at Higher rate in case of non-filers of Return of Income (Section 206AB of the IT Act):

The Finance Act, 2021, has, inter alia, inserted the provisions of Section 206AB of the Act with effect from July 1, 2021. The provisions of Section 206AB of the Act require the deductor to deduct tax at higher of the following rates from amount paid/ credited to 'specified person':

- At twice the rate specified in the relevant provision of the Act; or
- At twice the rates or rates in force; or
- At the rate of 5%

As per Central Board of Direct Taxes vide Circular no. 11 of 2021 dated 21st June, 2021, for determining TDS rate on Dividend, the Company will be using functionality of the Income tax Department to determine the applicability of Section 206AB of the Act. Rate of 20% will be applied for Shareholders who are determined as specified person in Income tax department portal.

For all Shareholders :

Payment of Dividend :

- Nil TDS for resident shareholders in case the total dividend paid is up to Rs. 5,000/- or in case Form 15G / Form 15H (as applicable) is submitted along with self-attested copy of PAN card.
- 10% for other resident shareholders in case copy of PAN is provided / available.
- 20% for resident shareholders in case PAN is not provided / not available / non-filers of the Return of Income.
- For non-resident shareholders, tax will be worked out on the basis of documents submitted.
- 20% tax plus surcharge and cess for non-resident shareholders in case the relevant documents are not submitted.
- Nil / Lower TDS on submission of self-attested copy of the certificate issued under Section 197 of the Act.

Shareholders having multiple accounts under different status / category :

Shareholders holding shares under multiple accounts under different status/category and single PAN, are requested to note that higher of the tax rate as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

Submission of Tax related documents :

Duly completed and signed documents are required to be uploaded through the link <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> submitted to the R&T Agent, Link Intime India Private Limited (the "LIIPL") on or before 5.00 p.m. (IST) on Wednesday, 21st September 2022, alternatively send an email to (Please provide an unique email ID of the Company for smooth and timely processing), in order to enable the Company to determine and deduct appropriate TDS/ withholding tax.

Please note that no communication on tax determination/deduction shall be entertained after 21st September 2022. Shareholders who have uploaded exemption forms (valid in all respect) on the portal are also required to forward the original form to the Company.

In terms of Rule 37BA of Income tax Rules, 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then deductee should file declaration with Company in manner prescribed by Rules.

Shareholders are requested to note that in case tax on dividend is deducted at a higher rate on account of non-receipt or insufficiency of requisite documents, they can claim refund at the time of filing income tax return. No claim shall lie against the Company for such tax deducted.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided/ to be provided by the Shareholder(s), such Shareholder(s) will be responsible to indemnify the Company and also, provide the Company with all information/ documents and co-operation in any proceedings.

The Company will arrange to email a soft copy of the TDS certificate to the Shareholders registered email ID. The Shareholders may view the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://www.incometax.gov.in/iec/foportal>.

Disclaimer : This Communication shall not be treated as an advice from the Company or its affiliates or Link Intime India Private Limited. Members should obtain the tax advice related to their tax matters from a tax professional.

The Directors Identification Number (DIN) of the Directors are as follows:

| Sl. No. | Name of Director | DIN |
|---------|---------------------------------|----------|
| 1 | Mr. Abhaykumar Firodia | 00025179 |
| 2 | Mr. Prasan Firodia | 00029664 |
| 3 | Mr. Pratap Pawar | 00018985 |
| 4 | Mr. S. Padmanabhan | 00001207 |
| 5 | Mr. Nitin Desai | 00140239 |
| 6 | Mr. Arvind Mahajan | 07553144 |
| 7 | Dr. Indira Parikh | 00143801 |
| 8 | Mr. Arun Sheth | 00086891 |
| 9 | Lt. Gen. (Retd.) D.B. Shekatkar | 02676828 |
| 10 | Mr. Vallabh Bhanshali | 00184775 |
| 11 | Mr. Mukesh Patel | 00053892 |
| 12 | Mr. Prashant V. Inamdar | 07071502 |

By Order of the Board of Directors
For **Force Motors Limited**

Gaurav Deshmukh
Company Secretary &
Compliance Officer

Pithampur, 13th August 2022.

Registered Office :

Mumbai-Pune Road, Akurdi,
Pune - 411 035.

CIN : L34102PN1958PLC011172

Website: www.forcemotors.com

Phone : (Board) +91 20 2747 6381

E-mail : compliance-officer@forcemotors.com

ANNEXURE TO THE NOTICE

In conformity with the provisions of Section 102 of the Companies Act, 2013 (the 'Act'), the following statements set out all the material facts relating to the special business as mentioned in the notice, including brief details of the Director who is seeking appointment / re-appointment as per the requirements of Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI (LODR) Regulations, 2015').

As an additional information, the Explanatory Statement also contains material facts pertaining to ordinary business mentioned at Item No. 4 of the said Notice.

Item No. 3

Mr. Prashant V. Inamdar (DIN: 07071502)

Mr. Prashant V. Inamdar (DIN: 07071502), aged 57 years, diploma holder in Mechanical Engineering, is an Executive Director of the Company. At present, Mr. Inamdar is Executive Director (Operations) of the Company and responsible for Operations of all the Plants of the Company.

Mr. Inamdar is also a director on the Board of Force MTU Power Systems Private Limited.

He is not related to any Director of the Company. He does not hold any shares in the Company.

Mr. Inamdar is not disqualified from being appointed as Director in terms of Section 164 of the Act and being eligible, offers himself for re-appointment.

None of the Directors / Key Managerial Personnel of the Company or their relatives, except Mr. Inamdar, is concerned or interested, in any way, in this resolution.

Brief details of Mr. Prashant V. Inamdar as per Regulation 36 (3) of the SEBI (LODR) Regulations, 2015 are provided as Annexure to this Notice.

The Board recommends this resolution as set out in Item No. 3 for the approval by the members of the Company.

Item No. 4

Re-appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants, as Statutory Auditors of the Company.

This Explanatory Statement is given in terms of Regulation 36(5) of the SEBI (LODR) Regulations, 2015.

The members at the 58th Annual General Meeting ('AGM') of the Company held on 13th September 2017 had approved appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Registration No. 105215W/ W100057) as the Statutory Auditors of the Company to hold office from the conclusion of the 58th AGM till the conclusion of the 63rd AGM of the Company to be held on 28th September 2022.

On considering various factors such as industry experience, competency of the audit team, efficiency in conduct of audit, independence, etc., the Board of Directors of the Company, based on the recommendation of the Audit Committee, proposed to re-appoint M/s. Kirtane & Pandit LLP, Chartered Accountants, as the Statutory Auditors of the Company, for the second consecutive term of five years from the conclusion of the 63rd AGM till the conclusion of the 68th AGM of the Company to be held in the year 2027, at a remuneration of ₹ 24,00,000 /- (Rupees Twenty Four Lakh only) per annum.

M/s. Kirtane & Pandit LLP, Chartered Accountants, have consented to their appointment as the Statutory Auditors and have confirmed that the appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and that they are not disqualified to be appointed as the Statutory Auditors in terms of the provisions of Section 139 and 141 of the Act and the Rules made thereunder.

M/s. Kirtane & Pandit LLP, Chartered Accountants are registered member of The Institute of Chartered Accountants of India ('the ICAI') and have undergone through the peer review process of the ICAI and holds a valid certificate issued by the Peer Review Board of the ICAI. They have offices in cities of Pune and Mumbai. M/s. Kirtane & Pandit LLP, Chartered

Accountants, conducts audits of various companies including the listed companies.

M/s. Kirtane & Pandit LLP, Chartered Accountants, will be paid audit fees of ₹ 24,00,000/- (Rupees Twenty Four Lakh only) per annum plus applicable taxes and out-of-pocket expenses, during their tenure. The Board, in consultation with the Audit Committee, may alter and vary the terms and conditions of re-appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

None of the Directors, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the Item No. 4 of the Notice.

Based on the recommendation of the Audit Committee, the Board recommends the Ordinary Resolution set forth in Item No.4 of the Notice for approval by the members.

Item No.5

Contribution to bona fide charitable and other funds

As per the provisions of Section 181 of the Act, prior permission of the Company, in general meeting, is required to contribute to bona fide charitable and other funds, if the aggregate amounts, in any financial year exceeds 5% of the Company's average net profits for immediately preceding three financial years. Considering the Company's financial position in recent years and the requirement of donating certain amount to charitable institutions, the Board of Directors consider that the consent of the members of the Company should be obtained to contribute a sum up to ₹ 25,00,00,000/- (Rupees Twenty Five Crore only) to bona fide charitable and other funds during the Financial Year 2022-23.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, in this resolution, except to the extent of their respective shareholding, if any, in the Company.

The Board recommends the resolution as set out in Item No. 5 of the Notice for the approval of the members of the Company.

Item No.6

Appointment of Cost Accountants with remuneration

The Board, after considering the recommendation of the Audit Committee, has approved the appointment and remuneration to M/s. Joshi Apte & Associates, Cost Accountants, Pune, to conduct verification and review of the cost records of the Company for the Financial Year ending 31st March 2023 on a remuneration of ₹ 2,60,000/- (Rupees Two Lakh Sixty Thousand only) plus travelling and other out of pocket expenses and taxes, if any.

Considering the applicable provisions of the Act and the Rules made there under, approval of the members of the Company is being sought by this ordinary resolution as a matter of caution, though the said Cost Accountants are not required to be appointed to audit the Cost Records of the Company.

None of the Directors or Key Managerial Personnel or their relatives, are concerned or interested, in any way, in this resolution, except to the extent of their respective shareholding, if any, in the Company.

The Board recommends the resolution as set out in Item No. 6 of the Notice for the approval of the members of the Company.

Item No. 7
Appointment of Mr. Vallabh Bhanshali (DIN: 00184775) as a Director and as an Independent Director.

Based on the recommendation of the Nomination and Remuneration Committee ('NRC'), the Board appointed Mr. Vallabh Bhanshali (DIN: 00184775) as an Additional Director of the Company and also an Independent Director not liable to retire by rotation, for a term of five years, i.e. from 13th August 2022 upto 12th August 2027 (both days inclusive), subject to approval by the members.

Pursuant to the provisions of Section 161(1) of the Act and Article 113 of the Articles of Association of the Company, Mr. Vallabh Bhanshali shall hold office up to the date of this AGM and is eligible to be appointed as a Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a member, proposing his candidature for the office of Director.

Mr. Vallabh Bhanshali, apart from consent, has given declaration to the Board, inter alia, that (i) he meets the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 (ii) he is not restrained from acting as a Director by virtue of any order passed by SEBI or any such authority and (iii) he is eligible to be appointed as a Director in terms of Section 164 of the Act.

In the opinion of the Board, Mr. Vallabh Bhanshali is a person of integrity, possesses relevant expertise / experience and fulfills the conditions specified in the Act and the SEBI (LODR) Regulations, 2015 for appointment as an Independent Director and he is independent of the management. He is not related to any other Director of the Company.

Given his expertise in capital markets and investment banking, the Board considers it desirable and in the interest of the Company to have Mr. Vallabh Bhanshali on the Board of the Company and recommends the appointment of Mr. Vallabh Bhanshali as an Independent Director as proposed in the Resolution set out in Item No. 7 of the accompanying Notice for approval by the members.

Electronic copy of the terms and conditions of appointment of the Independent Directors is available for inspection on the website of the Company. Please refer to Note No. 6 given in the Notice on inspection of documents.

The profile of Mr. Vallabh Bhanshali and the details w.r.t. appointment of directors as required to be provided to the shareholders under sub-regulation (3) of Regulation 36 of the SEBI (LODR) Regulations, 2015 are given in Annexure to this Notice.

Except for Mr. Vallabh Bhanshali and/or his relatives, no other Director, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

Brief details of Mr. Vallabh Bhanshali as per Regulation 36 (3) of the SEBI (LODR) Regulations, 2015 are provided as Annexure to this Notice.

The Board recommends the resolution as set out in Item No. 7 of the Notice for the approval of the members of the Company.

Item No. 8
Appointment of Mr. Mukesh Patel (DIN: 00053892) as a Director and as an Independent Director.

Based on the recommendation of the Nomination and Remuneration Committee ('NRC'), the Board appointed Mr. Mukesh Patel (DIN: 00053892) as an Additional Director of the Company and also an Independent Director not liable to retire by rotation, for a term of five years, i.e., from 13th August 2022 upto 12th August 2027 (both days inclusive), subject to approval by the members.

Pursuant to the provisions of Section 161(1) of the Act and Article 113 of the Articles of Association of the Company, Mr. Mukesh Patel shall hold office up to the date of this AGM and is eligible to be appointed as a Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a member, proposing his candidature for the office of Director.

Mr. Mukesh Patel, apart from consent, has given declaration to the Board, inter alia, that (i) he meets the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 (ii) he is not restrained from acting as a Director by virtue of any order passed by SEBI or any such authority and (iii) he is eligible to be appointed as a Director in terms of Section 164 of the Act.

In the opinion of the Board, Mr. Mukesh Patel is a person of integrity, possesses relevant expertise / experience and fulfills the conditions specified in the Act and the SEBI (LODR) Regulations, 2015 for appointment as an Independent Director and he is independent of the management. He is not related to any other Director of the Company.

Given his expertise in Taxation Laws, the Board considers it desirable and in the interest of the Company to have Mr. Mukesh Patel on the Board of the Company and recommends the appointment of Mr. Mukesh Patel as an Independent Director as proposed in the Resolution set out in Item No. 8 of the accompanying Notice for approval by the members.

Electronic copy of the terms and conditions of appointment of the Independent Directors is available for inspection on the website of the Company. Please refer to Note No. 6 given in the Notice on inspection of documents.

The profile of Mr. Mukesh Patel and the details w.r.t. appointment of directors as required to be provided to the shareholders under sub-regulation (3) of Regulation 36 of the SEBI (LODR) Regulations, 2015 are given in Annexure to this Notice.

Except for Mr. Mukesh Patel and/or his relatives, no other Director, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

Brief details of Mr. Mukesh Patel as per Regulation 36 (3) of the SEBI (LODR) Regulations, 2015 are provided as Annexure to this Notice.

The Board recommends the resolution as set out in Item No. 8 of the Notice for the approval of the members of the Company.

Item Nos. 9 & 10
Approval for Related Party Transaction(s) with Jaya Hind Industries Private Limited, the Holding Company, for the Financial Year 2021-22 and 2022-23.

As per Regulation 23 of the SEBI (LODR) Regulations, 2015 read with the Company's Policy on the Materiality of Related Party Transactions, all material related party transactions, require approval of the members of the Company. Further, w.e.f. 1st April 2022, such material transactions shall require prior approval of the members.

The Company, in the ordinary course of its business activities, enters into various transactions with its related parties. These transactions are entered on arm's length basis. During the Financial Year 2021-22, the Company entered into transactions with Jaya Hind Industries Private Limited ('JHI'), Holding Company and a related party as defined under Regulation 2(1)(zb) of the SEBI (LODR) Regulations, 2015 exceeding the materiality threshold as calculated on the basis of turnover for the Financial Year 2020-21. Further, considering the turnover of the Company for the Financial Year 2021-22, transactions with JHI during the Financial Year 2022-23 are also likely to exceed the materiality threshold.

The Board of Directors of the Company ('the Board') on the recommendation of the Audit Committee, recommends members to approve material related party transactions entered with JHI during the Financial Year 2021-22 and to be entered during the Financial Year 2022-23, as set out in the resolutions under Item Nos. 9 and 10 of this notice. These transactions entered / to be entered with JHI are in the ordinary course of business and on arm's length basis.

Further pursuant to the clarification issued by SEBI vide its circular no. SEBI/HO/CFD/CMD 1/CIR/P/2022/47 dated 8th April 2022 and in line with the SEBI Circulars issued in this regard, the resolution for FY 2022-23 also contains approval proposed to be obtained till the next AGM or fifteen months from the date of this AGM, whichever is earlier.

Details of the transactions, pursuant to the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22nd November, 2021, are given hereunder :

| Sr. No. | Particulars | Details of related party transactions during Financial Years | |
|-----------|--|--|--|
| | | 2021-22 | 2022-23 (estimated) and thereafter till next AGM |
| 1. | Details of Summary of information provided by the management to the Audit Committee | | |
| (i) | Name of the related party | Jaya Hind Industries Private Limited ('JHI') | |
| (ii) | Relationship with Force Motors Limited (FML) including nature of its concern or interest (financial or otherwise) | JHI is the holding company and promoter of FML and hence a related party. JHI holds 57.38% of voting rights in FML. | |
| (iii) | Nature, material terms and value of the transactions (₹ in crore) : (a) Purchase / Sale of goods, material, components, capital goods (b) Provision/Availing of services including leases (c) Inter-corporate deposit availed / to be availed (d) Interest paid on inter-corporate deposit Pricing for purchase / sale goods and services are benchmarked to similar transactions with unrelated parties with adjustments for commercial terms, as necessary. | 64.60 6.59 150.00 2.01 | 205 35 750 42 |
| (iv) | Tenure of the transaction | FY 2021-22 | FY 2022-23 (Inter-Corporate Deposits will have tenure upto 2 years or till demanded) |
| (v) | Percentage of the Company's annual consolidated turnover for the immediately preceding financial year, that is represented by the value of the proposed transaction. | 11.23% | 31.85% |
| 2. | Details of transaction relating to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary : | Not Applicable | |
| 3. | Valuation or other external party report | The Inter-Corporate Deposits (ICD) availed are unsecured, the interest is charged in line with bank rate and above prevailing yield of government security closest to the tenor of the ICD in terms of applicable laws. Pricing for purchase / sale goods and services are benchmarked to similar transactions with unrelated parties with adjustments for commercial terms, as necessary. | |
| 4. | Justification as to why the related party transaction is in the interest of the listed entity | The Company has been buying auto components and other materials required for manufacturing its vehicles, from JHI for the past several years. The transactions are entered on arm's length basis. Long standing business relationship with JHI is in the interest of FML. | |
| 5. | Whether any subsequent material modification made to approved transaction | No | |
| 6. | Any other information that may be relevant | Nil | |

The Audit Committee of the Company has granted approval for the above related party transactions with JHI for the Financial Year 2021-22. The Audit Committee members who are independent directors have approved the related party transactions proposed to be entered into by the Company with JHI after 1st January 2022. The Audit Committee has also noted that the said transactions with JHI are on arm's length basis and in the ordinary course of the Company's business.

The Board, based on the recommendation of the Audit Committee, recommends the resolutions as set out in Item Nos. 9 & 10 for the approval of the members of the Company.

Mr. Abhaykumar Firodia, Chairman and Mr. Prasan Firodia, Managing Director, along with their relatives by virtue of holding majority stake and directorships in JHI, are interested and concerned in resolutions set out in Item Nos. 9 and 10. No other Director, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said resolutions.

The members may note that in terms of the provisions of the SEBI (LODR) Regulations, 2015, no Related Party shall vote to approve the Ordinary Resolutions set forth in Item Nos. 9 and 10 of the Notice, whether the entity is a Related Party to the particular transaction or not.

Item No. 11
Authority to the Board for entering into Related Party Transaction(s) with Pinnacle Industries Limited, during the Financial Year 2022-23

As per Regulation 23 of the SEBI (LODR) Regulations, 2015, read with the Company's Policy on the Materiality of Related Party Transactions, all material related party transactions require prior approval of the members of the Company w.e.f. 1st April 2022.

The Company, in the course of its business activities, enters into various transactions with related parties. These transactions are entered on arm's length basis. Considering the turnover of the Company for the Financial Year 2021-22, transactions of FML/ its subsidiaries, with Pinnacle Industries Limited ('PIL') a company in the promoter group and a related party as defined under Regulation 2(1)(zb) of the SEBI (LODR) Regulations, 2015, during the Financial Year 2022-23, are likely to exceed the materiality threshold.

The Board of Directors of the Company ('the Board') on the recommendation of the Audit Committee, recommends members to approve material related party transactions to be entered during the Financial Year 2022-23, as set out in the resolution under Item No. 11 of this Notice. These transactions to be entered with PIL are in the ordinary course of business and on arm's length basis.

Further pursuant to the clarification issued by SEBI vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2022/47 dated 8th April 2022 and in line with the SEBI Circulars issued in this regard, the said resolution for Financial Year 2022-23 also contains approval proposed to be obtained till the next AGM or fifteen months from the date of this AGM, whichever is earlier.

Details of the transactions, pursuant to the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22nd November 2021, are given hereunder :

| Sr. No. | Particulars | Details of related party transactions during Financial Year 2022-23 (estimated) and thereafter till next AGM |
|-----------|---|--|
| 1. | Details of Summary of information provided by the management to the Audit Committee | |
| (i) | Name of the related party | Pinnacle Industries Limited ('PIL') |
| (ii) | Relationship with Force Motors Limited (FML) including nature of its concern or interest (financial or otherwise) | PIL falls within promoter group of FML and hence a related party. PIL does not hold any voting rights in FML. |
| (iii) | Nature, material terms and value of the transactions (₹ in crore) : (a) Purchase / Sale of goods, material, components, capital goods (b) Provision/Availing of services including leases (c) Inter-corporate deposit given by subsidiary (d) Interest received by subsidiary on inter-corporate deposit Pricing for purchase/ sale goods and services are benchmarked to similar transactions with unrelated parties with adjustments for commercial terms, as necessary. | 513.00 1.00 3.00 0.40 |
| (iv) | Tenure of the transaction | FY 2022-23 (Inter-Corporate Deposits are given for a tenure upto 2 years or till demanded) |
| (v) | Percentage of the Company's annual consolidated turnover for the immediately preceding financial year, that is represented by the value of the proposed transaction. | 15.95% |
| 2. | Details of transaction relating to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary | No Financial indebtedness is incurred by TFW while giving ICD to PIL |
| 3. | Valuation or other external party report | Pricing for purchase/sale of goods and services are benchmarked to similar transactions with unrelated parties with adjustments for commercial terms, as necessary. The Inter-Corporate Deposit (ICD) given by Tempo Finance (West) Private Limited to PIL is unsecured, the interest is charged above the bank rate and prevailing yield of government security closest to the tenor of the ICD in terms of applicable laws. |
| 4. | Justification as to why the related party transaction is in the interest of the listed entity | FML has been buying various auto components and other materials required for manufacturing its vehicles, from PIL for the past several years. Further, FML is also selling vehicles to PIL. These transactions are entered on arm's length basis. Long standing business relationship with PIL is in the interest of FML. |
| 5. | Whether any subsequent material modification made to approved transaction | No |
| 6. | Any other information that may be relevant | Nil |

The Audit Committee members who are independent directors have approved the related party transactions proposed to be entered into by FML / its subsidiaries with PIL after 1st January 2022. The Audit Committee has also noted that above mentioned transactions with PIL will be entered on arm's length basis and are in the ordinary course of the Company's business.

The Board, based on the recommendation of the Audit Committee, recommends the resolution as set out in Item No. 11 of the Notice for the approval of the members of the Company.

No other Director, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The members may note that in terms of the provisions of the SEBI (LODR) Regulations, 2015 no Related Party shall vote to approve the Ordinary Resolution set forth in Item No. 11 of the Notice, whether the entity is a Related Party to the particular transaction or not.

Item Nos. 12 & 13

Approval for payment of minimum remuneration to Mr. Prasan Firodia, Managing Director and to Mr. Prashant Inamdar, Executive Director

On the basis of the recommendation of the Nomination and Remuneration Committee (the 'Committee') and the Board; the Members of the Company on 19th September 2019, by way of Special Resolutions, approved the appointment of Mr. Prasan Firodia, as the Managing Director w.e.f. 6th November 2019 and Mr. Prashant V. Inamdar as the Executive Director (Operations) (the 'Managerial Persons') of the Company w.e.f. 16th January 2020, for a tenure of 5 years, including the terms of appointment and remuneration with the payment of 'Minimum Remuneration' as mentioned in the Schedule V of the Act for 3 years.

The shareholders approved managerial remuneration to Mr. Prasan Firodia comprising fixed salary of ₹ 10,00,000/- per month and the perquisites on 19th September 2019 and to Mr. Prashant V. Inamdar, comprising of fixed salary of ₹ 10,68,089/- per month and the perquisites on 19th September 2019.

Pursuant to Schedule V of the Act, approval for payment of minimum

remuneration by shareholders, is valid for a period not exceeding 3 years. Consequently, the validity of approval given by the shareholders as mentioned above is upto 5th November 2022 and 15th January 2023 for Mr. Prasan Firodia and Mr. Prashant Inamdar, respectively.

Pursuant to the provisions of Section 197 read with Schedule V the Act, where a Company is into loss or has inadequate profits, it may pay the minimum remuneration, subject to the approval of the shareholders, vide Special Resolution.

The shareholders approval is being sought for payment of minimum remuneration to the above mentioned managerial persons in case there is no profit during the Financial Years 2022-23, 2023-24 and 2024-25.

Pursuant to the provisions of Section 197 read with Schedule V of the Act, the proposal for the payment of 'Minimum Remuneration' to the Managerial Persons, in case of no profits or inadequate profits during the Financial Years 2022-23, 2023-24 and 2024-25, has been approved by the Committee and the Board.

The Company has focused its efforts on cost optimization and is working to diversify its product mix, to address the emerging market segments. In combination with cost reduction measures implemented by the Company and new vehicle platforms launched / to be launched by the Company, will likely result in increased productivity and better financial performance.

None of the Directors or Key Managerial Personnel or their relatives except Mr. Abhaykumar Firodia, Chairman and Mr. Prasan Firodia, Managing Director; of the Company, is concerned or interested, in any way, in Item No. 12, except to the extent of their respective shareholding if any, in the Company.

None of the Directors or Key Managerial Personnel or their relatives, except Mr. Prashant V. Inamdar, Executive Director (Operations) is concerned or interested, in any way, in Item No. 13, except to the extent of his respective shareholding if any, in the Company.

The Board recommends the resolutions as set out in Item Nos. 12 and 13 for the approval of the members of the Company.

Since the Company had losses during the Financial Year 2021-22, the Statement as per Clause (iv) of Section II of Part II of Schedule V to the Companies Act, 2013 is given hereunder.

THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE V OF THE ACT

| I. General information | | | | | | | | | | | | | | | | | |
|--|--|------------------------|------------------------|------------------------|------------------------|--------------------|---------|---------|---------|--|--------|-------|--------|--------------------------|-------|----------|---------|
| 1. Nature of industry | Force Motors Limited (the Company) is engaged in the manufacturing of Light Commercial Vehicles, Small Commercial Vehicles, Utility Vehicles, Agricultural Tractors and High Technology Automotive Aggregates. | | | | | | | | | | | | | | | | |
| 2. Date or expected date of commencement of commercial production | The Company was originally incorporated on 8th September 1958 under the Companies Act, 1956 and is in operation since then. | | | | | | | | | | | | | | | | |
| 3. In case of new companies, Not applicable expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not Applicable | | | | | | | | | | | | | | | | |
| 4. Financial performance based on given indicators | <table border="1"> <thead> <tr> <th>Financial Year</th> <th>2019-20 (₹ in lakh)</th> <th>2020-21 (₹ in lakh)</th> <th>2021-22 (₹ in lakh)</th> </tr> </thead> <tbody> <tr> <td>Gross Turnover</td> <td>308,013</td> <td>198,782</td> <td>324,004</td> </tr> <tr> <td>Profit before Interest, Depreciation and Tax</td> <td>27,220</td> <td>3,762</td> <td>11,863</td> </tr> <tr> <td>Profit/ (Loss) after Tax</td> <td>5,819</td> <td>(11,186)</td> <td>(7,460)</td> </tr> </tbody> </table> | Financial Year | 2019-20 (₹ in lakh) | 2020-21 (₹ in lakh) | 2021-22 (₹ in lakh) | Gross Turnover | 308,013 | 198,782 | 324,004 | Profit before Interest, Depreciation and Tax | 27,220 | 3,762 | 11,863 | Profit/ (Loss) after Tax | 5,819 | (11,186) | (7,460) |
| Financial Year | 2019-20 (₹ in lakh) | 2020-21 (₹ in lakh) | 2021-22 (₹ in lakh) | | | | | | | | | | | | | | |
| Gross Turnover | 308,013 | 198,782 | 324,004 | | | | | | | | | | | | | | |
| Profit before Interest, Depreciation and Tax | 27,220 | 3,762 | 11,863 | | | | | | | | | | | | | | |
| Profit/ (Loss) after Tax | 5,819 | (11,186) | (7,460) | | | | | | | | | | | | | | |
| 5. Foreign investments or collaborations, if any. | The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company during the previous three financial years. The foreign investors, mainly comprising FPIs, FIs and NRIs are investors in the Company on account of past issuances of securities and/or secondary market purchases. | | | | | | | | | | | | | | | | |
| II. INFORMATION ABOUT THE MANAGERIAL PERSONS: | | | | | | | | | | | | | | | | | |
| Mr. Prasan Firodia | | | | | | | | | | | | | | | | | |
| 1. Background details | Mr. Prasan Firodia is a graduate in business administration from the European Business School and Regents College, London. He has over 13 years of experience in automotive industry. He is the Managing Director of the Company since 6th November 2009. He is also the Managing Director of Jaya Hind Industries Private Limited and is serving on the Boards of Sona BLW Precision Forgings Limited, Force MTU Power Systems Private Limited and Jaya Hind Montupet Private Limited. He is the trustee and president of the Aluminium Casters Association and is also on the executive committee of Society of Indian Automobile Manufacturers. | | | | | | | | | | | | | | | | |
| 2. Past remuneration | <table border="1"> <thead> <tr> <th>Financial Year</th> <th>2019-20 (₹ in lakh)</th> <th>2020-21 (₹ in lakh)</th> <th>2021-22 (₹ in lakh)</th> </tr> </thead> <tbody> <tr> <td>Mr. Prasan Firodia</td> <td>421.24*</td> <td>63.32#</td> <td>94.88#</td> </tr> </tbody> </table> <p>* Includes commission paid for the Financial Year 2019-20 of ₹ 250 Lakh. # The Managing Director has voluntarily waived substantial part of his approved remuneration.</p> <p>Mr. Prasan Firodia is also the Managing Director of Jaya Hind Industries Private Limited and does not draw any remuneration from that company.</p> | Financial Year | 2019-20 (₹ in lakh) | 2020-21 (₹ in lakh) | 2021-22 (₹ in lakh) | Mr. Prasan Firodia | 421.24* | 63.32# | 94.88# | | | | | | | | |
| Financial Year | 2019-20 (₹ in lakh) | 2020-21 (₹ in lakh) | 2021-22 (₹ in lakh) | | | | | | | | | | | | | | |
| Mr. Prasan Firodia | 421.24* | 63.32# | 94.88# | | | | | | | | | | | | | | |
| 3. Recognition or awards | Under his leadership, Jaya Hind Industries Private Limited, Holding Company of The Company, won the "Best Foundry in India - Large Sector" award in 2008, 2010, 2014, 2016 and 2018. | | | | | | | | | | | | | | | | |
| 4. Job profile and his suitability | Mr. Prasan Firodia has over 13 years of rich experience in the automotive industry and is heading the Company. Under his leadership the Company has successfully navigated through tough business environment. | | | | | | | | | | | | | | | | |
| 5. Remuneration proposed | There is no change in the remuneration to be paid to Mr. Prasan Firodia. | | | | | | | | | | | | | | | | |
| 6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) | Taking into consideration the size of the Company, the profile of the Managing Director, responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior levels in other companies. | | | | | | | | | | | | | | | | |

| 7. | Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any | Mr. Prasan Firodia is a promoter of the Company and holds 1.68% of the share capital in the Company. He is related to Mr. Abhaykumar Firodia, Chairman of the Company. | | | | | | | | |
|-------------------------|--|---|------------------------|------------------------|------------------------|------------------------|-------------------------|--------|--------|--------|
| | Mr. Prashant V. Inamdar | | | | | | | | | |
| 1. | Background details | Mr. Prashant V. Inamdar, aged 57 years, diploma holder in Mechanical Engineering, is an Executive Director of the Company. Mr. Prashant V. Inamdar started his career at the Company as a Junior Engineer in 1984. Since then he has worked and proven his mettle in different divisions. During his tenure in Corporate Controlling he worked across Industrial Engineering, Management Information Services, Industrial Relations, Human Resource Development and SAP Implementation Projects. Special highlights in his career include the setting up of Engine Shop for MAN Trucks at Pithampur (Madhya Pradesh) and setting up plants in Chennai and Chakan (Pune). At present, Mr. Inamdar is Executive Director (Operations) of the Company and responsible for Operations of all the Plants of the Company. | | | | | | | | |
| 2. | Past remuneration | <table border="1"> <thead> <tr> <th>Financial Year</th> <th>2019-20 (₹ in lakh)</th> <th>2020-21 (₹ in lakh)</th> <th>2021-22 (₹ in lakh)</th> </tr> </thead> <tbody> <tr> <td>Mr. Prashant V. Inamdar</td> <td>132.22</td> <td>130.34</td> <td>148.63</td> </tr> </tbody> </table> | Financial Year | 2019-20 (₹ in lakh) | 2020-21 (₹ in lakh) | 2021-22 (₹ in lakh) | Mr. Prashant V. Inamdar | 132.22 | 130.34 | 148.63 |
| Financial Year | 2019-20 (₹ in lakh) | 2020-21 (₹ in lakh) | 2021-22 (₹ in lakh) | | | | | | | |
| Mr. Prashant V. Inamdar | 132.22 | 130.34 | 148.63 | | | | | | | |
| 3. | Recognition or awards | NA | | | | | | | | |
| 4. | Job profile and his suitability | Mr. Inamdar is heading operations of the Company since 2012. His vast experience in managing operations is vital for the Company. | | | | | | | | |
| 5. | Remuneration proposed | There is no change in the remuneration to be paid to Mr. Inamdar. | | | | | | | | |
| 6. | Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) | Taking into consideration the size of the Company, the profile of the Executive Director (Operations), responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior levels in other companies. | | | | | | | | |
| 7. | Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any | Mr. Inamdar does not have any pecuniary relationship with the Company, directly or indirectly. He is not related to any managerial person of the Company. | | | | | | | | |
| | III. OTHER INFORMATION : | | | | | | | | | |
| | Reasons of loss or inadequate profits | The Company suffered losses in the Financial Year 2021-22 due to severe impact of COVID 19 lockdowns / restrictions, on its sales. | | | | | | | | |
| | Steps taken or proposed to be taken for improvement | The Company has focused its efforts on cost optimization and is working to diversify its product mix, to address the emerging market segments. The cost reduction measures implemented by the Company and new vehicle platforms launched / to be launched by the Company along with eased Covid-19 restrictions, will likely result in increased productivity and better financial performance. | | | | | | | | |
| | Expected increase in productivity and profits in measurable terms | The Company expects to register better financial performance during the Financial Year 2022-23, in comparison to the previous year. | | | | | | | | |
| | IV. DISCLOSURES : | | | | | | | | | |
| | The disclosures on remuneration package of each managerial person and details of all elements of remuneration package, details of fixed components etc. are given in the Corporate Governance Report and Board's Report attached to the Annual Report for the information of the shareholders. | | | | | | | | | |



**DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING
[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and
Secretarial Standard-2 on General Meetings]**

| Name of the Director | Mr. Prashant V. Inamdar, Executive Director, (Operations)* | Mr. Vallabh Bhanshali, Independent Director | Mr. Mukesh Patel, Independent Director | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|---|---------------------|-----------------------|-------------------|---------------------|-----------------|-------------|---------------------------------------|--------|-------------------------------------|--------|---------------------------|--------|---|--------|----------------------------|-------------------------------------|-------------|-----------------|--------|---------------------------------------|--------|---------------------------|--------|--------------------------|--------|---|-----------------|-------------|---------------------------------------|-------------|-------------------------------------|-------------|
| Director Identification Number | 07071502 | 00184775 | 00053892 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Date of Birth (Age) | 25-01-1965 | 04-03-1951 | 22-01-1954 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Date of first appointment on the Board | 16-01-2015 | 13-08-2022 | 13-08-2022 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Educational Qualification | Diploma in Mechanical Engineering | LLB & Chartered Accountant | B.Com & LLB | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Experience (including expertise in specific functional areas) / Brief Resume | Mr. Inamdar has 37 years of rich experience in Operations, Industrial Engineering, Management Information Services, Industrial Relations, Human Resource Development and SAP Implementation. | Mr. Vallabh Bhanshali is a well known thought leader, mentor and visionary investor businessman of India. He is the co-founder of ENAM Securities, the reputed investment Banking, and Investment Group, which in 2010, merged its celebrated advisory business with Axis Bank Limited. Since then, he has devoted his life mainly to the social, national and spiritual fields. He has served on the Board of Reserve Bank of India and on several policy making advisory committees. | Mukesh Patel is an eminent Advocate and International Tax Expert, enjoying 45 years experience as a Veteran in the legal profession, during which he has also been passionately committed to the causes of Teaching Law and promoting Tax Payer Education, both through the Print and Electronic Media. He was appointed by the Government of India to serve as a Member on the Justice Easwar Committee for Simplification of the Income-tax Act, Rules and Procedures and as an Expert on the Six Member Task Force entrusted with the key assignment of drafting a New Income-Tax Law. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Directorships held in other listed companies(excluding foreign companies) | Nil | Arvind Fashions Limited | i. The Sandesh Limited ii. Zydus Lifesciences Limited iii. Johnson Controls-Hitachi Airconditioning India Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Memberships / Chairmanships of Committees across companies (excluding foreign companies) | Nil | Nil | <table border="1"> <thead> <tr> <th>Name of the Company</th> <th>Name of the Committee</th> <th>Member / Chairman</th> </tr> </thead> <tbody> <tr> <td rowspan="5">The Sandesh Limited</td> <td>Audit Committee</td> <td>Chairperson</td> </tr> <tr> <td>Nomination and Remuneration Committee</td> <td>Member</td> </tr> <tr> <td>Stakeholders Relationship Committee</td> <td>Member</td> </tr> <tr> <td>Risk Management Committee</td> <td>Member</td> </tr> <tr> <td>Corporate Social Responsibility Committee</td> <td>Member</td> </tr> <tr> <td rowspan="5">Zydus Lifesciences Limited</td> <td>Stakeholders Relationship Committee</td> <td>Chairperson</td> </tr> <tr> <td>Audit Committee</td> <td>Member</td> </tr> <tr> <td>Nomination and Remuneration Committee</td> <td>Member</td> </tr> <tr> <td>Risk Management Committee</td> <td>Member</td> </tr> <tr> <td>Share Transfer Committee</td> <td>Member</td> </tr> <tr> <td rowspan="3">Johnson Controls-Hitachi Air Conditioning India Limited</td> <td>Audit Committee</td> <td>Chairperson</td> </tr> <tr> <td>Nomination and Remuneration Committee</td> <td>Chairperson</td> </tr> <tr> <td>Stakeholders Relationship Committee</td> <td>Chairperson</td> </tr> </tbody> </table> | Name of the Company | Name of the Committee | Member / Chairman | The Sandesh Limited | Audit Committee | Chairperson | Nomination and Remuneration Committee | Member | Stakeholders Relationship Committee | Member | Risk Management Committee | Member | Corporate Social Responsibility Committee | Member | Zydus Lifesciences Limited | Stakeholders Relationship Committee | Chairperson | Audit Committee | Member | Nomination and Remuneration Committee | Member | Risk Management Committee | Member | Share Transfer Committee | Member | Johnson Controls-Hitachi Air Conditioning India Limited | Audit Committee | Chairperson | Nomination and Remuneration Committee | Chairperson | Stakeholders Relationship Committee | Chairperson |
| Name of the Company | Name of the Committee | Member / Chairman | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The Sandesh Limited | Audit Committee | Chairperson | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Nomination and Remuneration Committee | Member | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Stakeholders Relationship Committee | Member | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Risk Management Committee | Member | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Corporate Social Responsibility Committee | Member | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Zydus Lifesciences Limited | Stakeholders Relationship Committee | Chairperson | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Audit Committee | Member | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Nomination and Remuneration Committee | Member | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Risk Management Committee | Member | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Share Transfer Committee | Member | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Johnson Controls-Hitachi Air Conditioning India Limited | Audit Committee | Chairperson | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Nomination and Remuneration Committee | Chairperson | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Stakeholders Relationship Committee | Chairperson | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Name of the Director | Mr. Prashant V. Inamdar, Executive Director, (Operations)* | Mr. Vallabh Bhanshali, Independent Director | Mr. Mukesh Patel, Independent Director |
|--|--|--|--|
| Relationship with other Directors, Manager and other Key Managerial Personnel of the Company | Not related to any Director / Key Managerial Personnel of the Company. | Not related to any Director / Key Managerial Personnel of the Company. | Not related to any Director / Key Managerial Personnel of the Company. |
| No. of shares held in the Company either by self or as a beneficial owner | Nil | Nil | Nil |
| Terms and Conditions of appointment / re appointment | N. A. | As per the Special Resolution set forth in Item No. 7 of this Notice. | As per the Special Resolution set forth in Item No. 8 of this Notice. |
| In case of independent director, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements | N. A. | Mr. Vallabh Bhanshali, being an expert in Capital Markets, Investment Banking and Finance, has requisite skills and expertise as required on the Board of the Company. | Mr. Mukesh Patel, being an Advocate, International Tax Expert and a Veteran in Legal profession, has requisite skills and expertise as required on the Board of the Company. |
| Name of listed entities from which the person has resigned in the past three years (excluding foreign Companies) | Nil | Nil | Nil |

* For other details such as number of meetings of the Board attended during the year; remuneration last drawn etc. please refer to the Corporate Governance Report which is a part of the Annual Report.

By Order of the Board of Directors
For **Force Motors Limited**

Gaurav Deshmukh
Company Secretary &
Compliance Officer

Pithampur, 13th August 2022.

Registered Office :
Mumbai-Pune Road, Akurdi,
Pune - 411 035.

CIN : L34102PN1958PLC011172
Website : www.forcemotors.com
Phone : (Board) +91 20 2747 6381
E-mail : compliance-officer@forcemotors.com

BOARD'S REPORT

To

The Members,

The Directors are pleased to present the 63rd Annual Report, together with the audited standalone and consolidated Financial Statements for the Financial Year ended on 31st March 2022.

1. Financial Results

(₹ in Lakh)
Standalone

| Particulars | 2021-22 | 2020-21 |
|--|-----------------|----------|
| Revenue from Operations | 3,24,004 | 1,98,782 |
| Other Income | 5,188 | 2,489 |
| Profit / (Loss) before Depreciation, Exceptional Items & Taxes | 7,759 | 940 |
| Depreciation | 19,094 | 17,367 |
| Profit / (Loss) before Exceptional Items and Tax | (11,335) | (16,427) |
| Exceptional Items | -- | -- |
| Profit/(Loss) before Tax | (11,335) | (16,427) |
| Provision for Taxation | (3,875) | (5,241) |
| Profit / (Loss) After Tax | (7,460) | (11,186) |
| Other Comprehensive Income | 765 | 981 |
| Comprehensive Income for the year | (6,695) | (10,205) |
| Equity Dividend | 659 | 1,318 |
| Balance in Retained Earnings | 1,34,472 | 1,42,281 |

Consolidated

| Particulars | 2021-22 | 2020-21 |
|--|-----------------|----------|
| Revenue from Operations | 3,24,042 | 1,98,819 |
| Other Income | 5,188 | 2,489 |
| Profit / (Loss) before Depreciation, Exceptional Items & Taxes | 7,797 | 977 |
| Depreciation | 19,094 | 17,367 |
| Share of Profit/(Loss) of Joint Venture | (1,667) | (1,195) |
| Profit/(Loss) before Exceptional Items and Tax | (12,964) | (17,585) |
| Exceptional Items | -- | -- |
| Profit / (Loss) before Tax | (12,964) | (17,585) |
| Provision for Taxation | (3,865) | (5,231) |
| Profit / (Loss) After Tax | (9,099) | (12,354) |
| Other Comprehensive Income | 771 | 982 |
| Comprehensive Income for the year | (8,328) | (11,372) |
| Attributable to : | | |
| (a) Equity holders of the Company | (8,337) | (11,381) |
| (b) Non Controlling Interest | 9 | 9 |
| Net Transfer to General Reserve | 5 | 5 |
| Equity Dividend | 659 | 1,318 |
| Balance in Retained Earnings | 1,30,489 | 1,39,945 |

We do not propose to transfer any amount to general reserve.

2. State of Company's Affairs and Future Outlook

The very severe contraction of the company's business during the two previous years, on account of Covid, affected the Schools, Tours & Travel and Corporate Personnel local travel. This had a very bad effect on the company's top and bottom lines.

The current Financial Year 2022-23 has seen a substantial improvement in the demand for Vans and Buses made by the Company, particularly in the sectors which were earlier affected, due to the return of near normalcy, in terms of Schools opening, Pilgrimage and Travel improving, as also reduction in work from home in many industrial establishments. Thus, we now look at the market with optimism.

The general economic situation of the country appears very stable with robust growth all around. This is all the more remarkable when most countries, highly industrialized or not, are seeing poor growth. It is believed that the relative strength of the growth trend in the Indian economy will be maintained over the next few years. Under the circumstances there is a reason for optimism that the company's business will return to profitability.

The important activity of components business of the company, has shown improvement. The supply of high tech engines etc., to Mercedes-Benz India Private Limited, and to BMW India Private Limited is again in a robust and growing position.

The Company's plans, to be ready with emission efficient engines, to meet the BS VI.2 requirements applicable from 2023 onwards are well on track. The Company expects to have both Diesel and CNG variants of the appropriate engines, available to it to service various Vans, cross country vehicles and Bus platforms in time. While developing the engines for meeting the stringent emission regulations, the Company's R&D team is successfully also enhancing both the power output, and the fuel efficiency, of these engines.

The new generation Van platform for shared mobility is realized. The Plant, the Tooling, the Production facilities, the supply chain, the manufacturing processes, the Quality standards, the after market preparedness etc., is properly in place. It is expected that the Van will be introduced in the market in Q-3 of the current financial year. The Van has been developed to exacting standards, and it features leading edge contemporary technology, and creature comforts. It is expected to have a very favourable opportunity in even various export markets, which would be tackled after the Van is introduced in India as stated above.

During the current year, the new generation Gurkha vehicle has been seeing increasing demand from the market. It is received very well and applauded as a stylish, robust, very capable vehicle, offering both excellent off road performance on difficult terrain, as also very comfortable ride on road. The creature comfort, the ergonomics, the interiors layout of the vehicle - are much appreciated. It is expected that the 5 door version will also be introduced during the current Financial Year.

3. Change in Nature of Business, if any

During the year under review, there is no change in the nature of business of the Company.

4. Dividend

The Board recommended a dividend of ₹ 10/- per share for the year under review, in its Meeting held on 27th May 2022. The same will be paid out of the accumulated profits of the Company and is subject to the approval of shareholders at the ensuing Annual General Meeting (AGM) of the Company.

The total payout w.r.t. the dividend recommended for the Financial Year 2021-22 will be ₹ 13.18 crore as against ₹ 6.59 crore for the previous financial year.

The details of dividend and shares transferred to the Investor Education and Protection Fund during the year under review, are covered in the Report of Corporate Governance.

5. Share Capital

The paid-up equity share capital as on 31st March 2022 was ₹ 13.18 Crore. The Company did not issue any shares by way of public issue, rights issue, bonus issue or preferential issue etc. during the year under review. The Company has not issued any shares with differential voting rights or granted stock options or sweat equity, during the year under review.

6. Annual Return

The Annual Return as on 31st March 2022, pursuant to the provisions of Section 92 of the Act and the Rules made there under, is available on the website of the Company at <https://www.forcemotors.com/investors/#shareholders-information>.

7. Number of Meetings of the Board of Directors

The Board met five times during the financial year. The meeting details are provided in the Corporate Governance Report that forms part of this Annual Report.

8. Particulars of Loans, Guarantees or Investments

The Company has not given any loans, guarantees under Section 186 of the Companies Act, 2013 ("the Act") during the year under review. During the year, the Company has made an investment of ₹ 22,33,80,000/-, in Force MTU Power Systems Private Limited, a subsidiary of the Company. Particulars of investments made by the Company upto the period under report are provided in the Financial Statement attached to this Report.

9. Particulars of Contracts or Arrangements with Related Party

During the Financial Year 2021-22, pursuant to Section 177 of the Act and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI (LODR) Regulations, 2015"), all Related Party Transactions (RPTs) were placed before the Audit Committee for its requisite approval.

The RPTs entered by the Company during the year under review, in excess of the limits specified under Regulation 23 of the SEBI (LODR) Regulations, 2015, will be placed before the shareholders for ratification in the ensuing AGM.

All RPTs entered during the year were entered in the ordinary course of business and on arm's length basis. As required under the Act, the prescribed Form AOC-2 is a part of this Annual Report.

10. Explanation / Comments on any Qualification of the Auditors

There are no qualifications, reservations or adverse remarks made either by the Statutory Auditors or by the Company Secretary in Practice (Secretarial Auditor) in their respective audit reports.

11. Material Changes and Commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred after the end of the period under review.

12. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The Company has continued its efforts to ensure incremental improvements in energy conservation across plant locations, various equipment etc. by use of improved technological solutions.

Increasing use of solar power has enabled the Company to reduce its dependence on normal power supply, utilising the large areas offered by factory roofing in various plants.

Efforts such as preventing compressed air leakages, periodic preventive maintenance of air compressors, auto cut off systems, localised switches, large scale switchover to LED lamps etc. have continued.

Technology Absorption

Technology absorption efforts, though severely disrupted during the Covid-19 pandemic, are continuing. The large scale use of virtual meetings and remote working has enabled a reasonable level of activity to be maintained for most part of the year.

(₹ in Lakh)

| Particulars | 2021-22 | 2020-21 |
|---|-----------------|-----------------|
| Capital Expenditure on R & D | 8,663 | 10,845 |
| Revenue Expenditure on R & D | 10,594 | 11,209 |
| Total R&D Expenditure | 19,257 | 22,054 |
| Total Income | 3,29,192 | 2,01,271 |
| % of total R&D Expenditure to Total Income | 5.85% | 10.96% |
| Revenue from Operations | 3,24,004 | 1,98,782 |
| % of total R&D Expenditure to Revenue from Operations | 5.94% | 11.09% |

Foreign Exchange Earnings and Outgo

The foreign exchange earned by the Company during the year under review was of ₹ 92.82 Crore as against ₹ 73.47 Crore during the previous year.

Total foreign exchange outflow during the year under review was ₹ 1,519.86 Crore as compared to ₹ 622.88 Crore during the previous year.

13. Subsidiaries

The Company has two subsidiaries, namely, Force MTU Power Systems Private Limited (FMTU) and Tempo Finance (West) Private Limited.

FMTU was incorporated on 7th August 2018, as a joint venture between the Company and Rolls-Royce Power Systems AG, through its subsidiary company, namely Rolls-Royce Solutions GmbH (erstwhile MTU Friedrichshafen GmbH) for engaging in the business of development, manufacture and marketing of engines, engines for power generation, complete power generators and engines for various applications like Rail. By virtue of Company's majority shareholding, 'FMTU' is a subsidiary of the Company since its incorporation.



The excellent, state of the art, new factory for the production of the Rolls-Royce-MTU design R1600 series of diesel engines has happily now gone into production. The original plan to put these into production in 2020 beginning- was stymied by repeated Covid waves. As the products from these facilities are mainly expected to cater to global requirement for this series of engines, our collaborators Rolls-Royce Solutions GmbH, were very keen to ensure the production initiation involving their technical manpower. Sadly, twice their delegations for supporting the clearance for series production- had to go back to Europe on account of Covid restrictions. Thus, the project is delayed by clear 2 years, in spite of the plant having been ready in time, in 2020.

There is a large order backlog for export of these engines, also new applications for this engine are being developed and serviced, both for export and some domestic demand. The range of products is being enlarged to include higher capacity engines. Efforts to achieve much higher levels of localization of components are on, and excellent progress is made in this direction by the efforts of our team, and also the suppliers based in India. We look with optimism to the future of this activity.

During the year under review, FMTU achieved a top line of ₹ 78.29 crore as compared to top line of ₹ 11.60 crore during the Financial Year 2020-21. It recorded net loss of ₹ 32.69 crore during the Financial Year 2021-22, as compared to the loss of ₹ 23.44 crore, during the previous Financial Year.

The Company does not have any other subsidiaries, joint ventures and associate companies. During the year under review there was no change in the subsidiaries of the Company. As per Section 129 of the Act, the Company has prepared the Consolidated Financial Statement of the Company, which forms part of the Annual Report. A statement containing the salient features of the Financial Statement of subsidiaries in the prescribed format AOC-1, forms part of the Audited Financial Statement of the Company.

The Audited Financial Statements of the above mentioned subsidiaries are available on the website of the Company www.forcemotors.com, for inspection by any member of the Company.

The policy for 'Determining Material Subsidiaries & its Governance Framework' is also available on the Company's website www.forcemotors.com.

14. Risk Management

The Company has in place a comprehensive Risk Management framework to identify, monitor, review and take all necessary steps towards mitigation of any risk elements which can impact the business health of the Company, on a periodic basis.

All the identified risks are managed through continuous review of business parameters by the Management and the Risk Management Committee. The Board of Directors are also informed of the risks and concerns.

The details of composition and meetings of the Risk Management Committee held during the financial year are covered in the Report on Corporate Governance.

15. Changes in the Directors and Key Managerial Personnel

During the year under review, the shareholders of the Company in the AGM held on 28th September 2021, approved re-appointment of Mr. Sudhir Mehta (DIN: 00056867), the Director of the Company, who was liable to retire by rotation.

The shareholders also approved re-appointment of Lt. Gen. (Retd.) Dr. D. B. Shekatkar (DIN:02676828) and Mr. Anant Talaulicar (DIN: 00031051), as Independent Directors of the Company for a

second term of 3 years w.e.f. 13th February 2022.

During the year under review, Mr. Sudhir Mehta and Mr. Anant Talaulicar resigned from the Board of Directors w.e.f. 28th February 2022 and 30th March 2022, respectively.

There was no change in the Key Managerial Personnel during the year under review.

Mr. Kishore P. Shah resigned as the Company Secretary and Compliance Officer of the Company w.e.f. 8th April 2022. Mr. Gaurav Deshmukh has been appointed as the Company Secretary and the Compliance Officer of the Company w.e.f. 27th May 2022.

16. Declaration of Independent Directors

The Independent Directors have submitted their declarations to the Board that they fulfill all the criteria of independence as stipulated in Section 149(6) of the Act and in Regulation 16 (1)(b) of the SEBI (LODR) Regulations, 2015. The Board after assessing veracity of the same, has taken the same on record.

17. Details of Significant and Material Orders Passed by the Regulators or Court or Tribunal

There was no significant and material order passed by any regulator or court or tribunal impacting the going concern status of the Company's operations in future, during the year under report.

As reported earlier, petition challenging the decision of the Hon'ble High Court of Judicature at Bombay, in respect of change in the name of the Company is still under consideration of the Hon'ble Supreme Court of India.

18. Adequacy of Internal Financial Controls

M/s. Capri Assurance & Advisory Services, Chennai and M/s. Jugal S. Rathi, Chartered Accountants, Pune, are the Internal Auditors of the Company. The internal financial controls are adequate with reference to the financial status, size and operations of the Company.

19. Fixed Deposits

The Company currently has no Fixed Deposit Scheme in place. The details of earlier deposits are furnished hereunder :

| Sr. No. | Particulars | Nos. | Amount (₹ in Lakh) |
|---------|---|------|--------------------|
| a) | accepted or renewed during the year | 0 | 0 |
| b) | remained unpaid or unclaimed as at the end of the year (31st March 2022)* | 05 | 0.60 |
| c) | Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved. | | |
| | (i) at the beginning of the year | 0 | 0 |
| | (ii) maximum during the year | 0 | 0 |
| | (iii) at the end of the year | 0 | 0 |

* The deposits are matured, claimed but have been withheld on the instructions of the Statutory Authorities (CBI) and will be repaid upon their approval.

20. Corporate Social Responsibility (CSR)

The Annual Report on the CSR activities of the Company, pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, is annexed to this Report.

21. Audit Committee

The Audit Committee of the Board consists of 3 members. Details of composition of the Audit Committee are covered in the Corporate Governance Report. During the year, all recommendations made by the Audit Committee were accepted by the Board.

The Company has established a vigil mechanism, formulated a Whistleblower Policy, and the Committee would oversee the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The mechanism provides direct access to the Chairman of the Audit Committee in exceptional cases. The details of the mechanism / policy are disclosed on the website of the Company <https://www.forcemotors.com/themes/frontend/docs/share-holder-info/other/Whistleblower%20Policy.pdf>

22. Policy on Directors Appointment and Remuneration

The Remuneration Policy of the Company and other related matters as provided under Section 178 (3) of the Act are available on the website of the Company <https://www.forcemotors.com/themes/frontend/docs/share-holder-info/other/Remuneration-Policy.pdf>

23. Formal Annual Evaluation of the Performance of Board / Committees and Directors

Information on the manner in which formal annual evaluation is made by the Board, of its own performance, that of its committees and the individual directors, is given in the Report on Corporate Governance.

24. Corporate Governance

The Company has taken all necessary steps to implement the provisions of the SEBI (LODR) Regulations, 2015 and a detailed report on the various matters, including the Auditors' Certificate on Corporate Governance, is annexed to this Report.

25. Business Responsibility Report

In terms of the Regulation 34(2) of the SEBI (LODR) Regulations, 2015, the Business Responsibility Report forms part of the Annual Report. The same is annexed to this report.

26. Details of Directors and Employees' Remuneration

Details as required under the provisions of Section 197 (12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended; are annexed to this report.

Details as required under the provisions of Section 197 (12) of the Act, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended; which form part of this report, will be made available to any shareholder on request, as per provisions of Rule 5(3).

27. Disclosure on Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has adopted Anti Sexual Harassment Policy, in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaints Committee has been set up to redress

complaints, if any, received regarding sexual harassment. All employees, as defined under the said Act, are covered under this policy. Awareness programs were carried out against sexual harassment. There were no complaints received during the year under review. Further, there are no complaints pending as on 31st March 2022.

28. Details of Frauds Reported by Auditors

There are no frauds against the Company reported by the Auditors for the period under report.

29. Directors' Responsibility Statement

The Directors of your Company to the best of their knowledge and belief, and according to the information and explanations obtained by them, make the following statements in terms of Section 134 (3)(c) of the Act:

- (a) in the preparation of the Annual Financial Statements for the year ended 31st March 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) for the Financial Year ended 31st March 2022, such accounting policies as mentioned in the Notes to the Financial Statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the loss of the Company for the year ended 31st March 2022;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Annual Financial Statements have been prepared on a going concern basis;
- (e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

30. Secretarial Standards of the ICSI

The Company has complied with the Secretarial Standards on the Meetings of Board of Directors (SS-1) and General Meetings (SS-2), as issued and amended, by the Institute of Company Secretaries of India ('the ICSI').

31. Statutory Auditor

The Shareholders, at the 58th AGM held on 13th September 2017, appointed M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Registration No. 105215W/W100057), Pune, as the Statutory Auditors of the Company for a period of five years, i.e. upto the conclusion of the 63rd AGM. The term of M/s. Kirtane & Pandit LLP, as Statutory Auditors of the Company will conclude from the close of the forthcoming AGM of the Company. The recommendation of the Audit Committee and the Board w.r.t the appointment of Statutory Auditors will be covered in the notice of the 63rd AGM.

32. Cost Accountant

The Board of Directors of the Company had appointed M/s. Joshi Apte & Associates, Cost Accountants, Pune, for verification and review of the Cost Records of the Company, for the Financial Year 2021-22. M/s. Joshi Apte & Associates, Cost Accountants, Pune, have verified and reviewed the said records for the Financial Year 2021-22.

33. Secretarial Audit Report

Mr. I. U. Thakur, Company Secretary in Practice having Membership No. FCS 2298, was appointed to conduct the Secretarial Audit of the Company for the Financial Year 2021-22, as required under Section 204 of the Act and Rules made thereunder. The Secretarial Audit Report, in Form MR-3, for the Financial Year 2021-22, is annexed to this report.

34. Industrial Relations

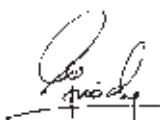
The industrial relations at all the Plants of the Company have been cordial during the year.

35. Appreciation

The Directors express their gratitude to the Dealers, Suppliers and Banks for their support, and express their warm appreciation for

the sincere co-operation and dedicated work by the employees of the Company.

For and on behalf of the Board of Directors
Force Motors Limited



Abhaykumar Firodia
Chairman
DIN: 00025179

Pune, 27th May 2022

Registered Office :

Mumbai-Pune Road, Akurdi, Pune - 411 035.

CIN: L34102PN1958PLC011172

Website : www.forcemotors.com

Phone : (Board) +91 20 2747 6381

E-mail : compliance-officer@forcemotors.com

ANNEXURE TO THE BOARD'S REPORT
Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 :

1. The ratio of the remuneration of each director to the median remuneration of the Employees of the company for the Financial Year 2021-22 & increase in the remuneration in the Financial Year 2021-22 :

| Sl. No. | Name | Ratio of Remuneration to each Director/ to median remuneration of employees | % Increase / Decrease in the Financial Year |
|------------|--|---|---|
| (A) | Whole-time Director / Managerial Personnel | | |
| 1. | Mr. Prasan Firodia, Managing Director | 17.08 | 49.84* |
| 2. | Mr. Prashant V. Inamdar, Executive Director (Operations) | 26.76 | 14.03 |
| (B) | Non-Executive Directors # | | |
| 3. | Mr. Sudhir Mehta (Upto 28.02.2022) | 0.90 | 0.00 |
| 4. | Mr. Arvind Mahajan | 0.72 | 0.00 |
| 5. | Mr. Arun Sheth | 0.90 | 11.11 |
| 6. | Mr. Pratap Pawar | 0.90 | -9.09 |
| 7. | Mr. S. Padmanabhan | 0.81 | -10.00 |
| 8. | Mr. Nitin Desai | 0.72 | 0.00 |
| 9. | Dr. Indira J. Parikh | 1.08 | -7.69 |
| 10. | Mr. Anant J. Talaulicar (Upto 30.03.2022) | 0.36 | 0.00 |
| 11. | Lt. Gen. (Dr.) D. B. Shekatkar | 0.54 | 0.00 |
| (C) | Key Managerial Personnel | | |
| 12. | Mr. Sanjay Kumar Bohra, Chief Financial Officer | NA | 22.26 |
| 13. | Mr. Kishore P. Shah, Company Secretary | NA | 14.02 |

* The % increase is due to majority of remuneration was waived by Mr. Prasan Firodia (Managing Director) during the previous Financial Year 2020-21.

All the Non-Executive Directors of the Company were paid sitting fees during the Financial Year 2021-22, as per the statutory provisions. The aforementioned remuneration contains the sitting fees paid during the year.

2. Mr. Abhaykumar Firodia, Chairman of the Company, is not drawing any remuneration from the Company.
3. The percentage increase in the median remuneration of employees is 7% for the Financial Year 2021-22.
4. There were 3,928 permanent employees excluding trainees and contractual employees on the rolls of the Company as on 31st March 2022.
5. The average percentage decrease in the salaries of employees other than the managerial personnel in the last Financial Year 2021-22 was 10%, whereas percentage decrease in the managerial remuneration was 15% for the same Financial Year.
6. It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

Form No. MR-3

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31st March 2022**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
FORCE MOTORS LIMITED

Pune

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Force Motors Limited** (CIN:L34102PN1958PLC011172)(hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the **Force Motors Limited** books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes' books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2022 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable :
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not Applicable**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not Applicable**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not Applicable**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not Applicable**
- (vi) The Listing Agreement entered into by the Company with Bombay Stock Exchange (BSE).

I have also examined compliance with the applicable clauses of the following :

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with BSE Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that :

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

During the period under review, change in composition of Board of Directors took place due to resignation of Mr. Sudhir Mehta (DIN:00056867) and Mr. Anant Talaulicar (DIN: 00031051) w.e.f. 28th February, 2022 and 30th March, 2022 respectively.

Adequate notices were given to all directors to schedule the Board Meetings. Agenda and detailed Notes on Agenda were sent at least seven days in advance, shorter notice consent was taken wherever needed and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through, while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period no event has occurred which has a major bearing on the Company's affairs.

Date : 09.05.2022

Place : Pune

I U Thakur

Company Secretary

C. P. Number : 1402 Membership no.: 2298

Peer Review No: 1426 / 2021

UDIN : F002298D000292060

This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members
Force Motors Limited

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of Financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date : 09.05.2022

Place : Pune

I U Thakur

Company Secretary

C. P. Number : 1402 Membership no.: 2298

Peer Review No: 1426 / 2021

UDIN : F002298D000292060

ANNUAL REPORT ON CSR ACTIVITIES 2021-22

1. Brief outline on CSR Policy of the Company:

- The Corporate Social Responsibility (CSR) Policy of the Company covers the causes that Company may pursue as its CSR.
- Based on the profit for each financial year, the Chief Financial Officer shall indicate the amount to be spent during the year.
- The procedure for approval of the project(s), investment/ incurring costs and monitoring is also laid down in the policy.

2. Composition of CSR Committee :

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|------------------------------|--|--|--|
| 1. | Mr. S. Padmanabhan, Chairman | Independent Director | 1 | 1 |
| 2. | Mr. Nitin Desai, Member | Independent Director | 1 | 1 |
| 3. | Mr. Sudhir Mehta, Member * | Non-Executive Non-Independent Director | 1 | 1 |

* Ceased to be the member of CSR Committee w.e.f. 28th February 2022.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company. - <https://www.forcemotors.com/investors#shareholders-information>
4. Provide the details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). - **Not Applicable**
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any. - **Nil**

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (in ₹) | Amount required to be set-off for the financial year, if any (in ₹) |
|---------|----------------|--|---|
| 1. | 2021-22 | 5,13,184 | -- |

6. Average net profit of the Company as per Section 135(5). - ₹ **2,612 Lakh**
7. (a) Two percent of average net profit of the Company as per Section 135(5) - ₹ **52.24 Lakh**
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - **Nil**
 (c) Amount required to be set off for the financial year, if any. - **Nil**
 (d) Total CSR obligation for the financial year (7a + 7b-7c). - ₹ **52.24 Lakh**
8. (a) CSR amount spent or unspent for the financial year :

| Total Amount Spent for the Financial Year (in ₹) | Amount unspent (in ₹) | | | | |
|--|---|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per Section 135(6) | | Amount Transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) | | |
| | Amount | Date of Transfer | Name of the Fund | Amount | Date of Transfer |
| ₹ 74,48,188/- | NIL | N.A. | N.A. | N.A. | N.A. |

(b) Details of CSR amount spent against **ongoing projects** for the financial year : Nil

| 1 | 2 | 3 | 4 | 5 | | 6 | 7 | 8 | 9 | 10 | 11 | |
|--------------|---------------------|---|-----------------------|-------------------------|----------|------------------|---|---|--|--|--|-------------------------|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes / No) | Location of the project | | Project duration | Amount allocated for the project (in ₹) | Amount spent in the Current Financial Year (in ₹) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹) | Mode of Implementation - Direct (Yes / No) | Mode of Implementation – Through Implementing Agency | |
| | | | | State | District | | | | | | Name | CSR Registration number |
| TOTAL | | | | | | | Nil | Nil | Nil | | | |

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

| 1 | 2 | 3 | 4 | 5 | | 6 | 7 | 8 | |
|--------------|--|---|---------------------|---------------------------|---------------------|----------------------------------|--|--|----------------------|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local Area (Yes/No) | Location of the project | | Amount Spent for the project (₹) | Mode of Implementation – Direct (Yes/No) | Mode of Implementation – Through Implementing agency | |
| | | | | State | District | | | Name | CSR Registration No. |
| 1. | Contribution to IIMPACT, towards supporting its learning centres imparting primary education to poor girls | Promoting Education | No | Madhya Pradesh Haryana | Khargone Gurgaon | 38 Lakh | No | IIMPACT, Gurgaon, Haryana - 122 002. | N. A. |
| 2. | Providing Ambulance to Dhar District Hospital as COVID-19 Relief activity | Disaster Management and relief | Yes | Madhya Pradesh | Dhar | 31.48 Lakh | Yes | N. A. | N. A. |
| 3. | Contribution to the Indian Institute of Management & Entrepreneurship (IIME) | Contribution to autonomous bodies established under Department of Science of Technology of the Central Government | No | Rajasthan | Jaipur | 5 Lakh | Yes | N. A. | N. A. |
| TOTAL | | | | | | 74.48 Lakh | | | |

- (d) Amount spent in Administrative Overheads : **Nil**
(e) Amount spent on Impact Assessment, if applicable : **N.A.**
(f) Total amount spent for the Financial Year (8b + 8c + 8d + 8e) : **₹ 74.48 Lakh**
(g) Excess amount for set off, if any :

| SI. No. | Particulars | Amount (in ₹) |
|---------|---|---------------|
| (i) | Two percent of average net profit of the Company as per Section 135(5) | 52,24,280 |
| (ii) | Total amount spent for the Financial Year | 74,48,188 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 22,23,908 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | 22,23,908 |

9. (a) Details of Unspent CSR amount for the preceding three financial years : **Not Applicable**

| Sr. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) to Unspent CSR Account under section 135(6) (in ₹) | Amount spent in the reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in ₹) |
|---------|--------------------------|---|---|--|---------------|------------------|--|
| | | | | Name of the Fund | Amount (in ₹) | Date of transfer | |
| | TOTAL | | | | | | |

- (b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s) : **Not Applicable**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---------|--------------|---------------------|---|------------------|---|--|---|---|
| Sr. No. | Project ID | Name of the Project | Financial Year in which the project was commenced | Project duration | Total amount allocated for the project (in ₹) | Amount spent on the project in the reporting Financial Year (in ₹) | Cumulative amount spent at the end of reporting Financial Year (in ₹) | Status of the project - Completed / Ongoing |
| | TOTAL | | | | | | | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year - **Not Applicable**

(asset-wise details)

- (a) Date of creation or acquisition of the capital asset(s).
(b) Amount of CSR spent for creation or acquisition of capital asset.
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) - **Not Applicable**

S. Padmanabhan
Chairman, CSR Committee
DIN : 00001207

Prasan Firodia
Managing Director
DIN : 00029664

Pune, 27th May 2022

BUSINESS RESPONSIBILITY REPORT

[Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

PREFACE

The Securities and Exchange Board of India ('the SEBI') has mandated India's top 1000 listed entities based on their market capitalization, to submit a Business Responsibility Report ('the BRR'), in line with Regulation 34(2)(f) of the SEBI (LODR) Regulations, 2015.

This BRR covers nine principles of the Government of India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVG). The Company is pleased to present its fourth Business Responsibility Report.

GENERAL INFORMATION

- Corporate Identity Number (CIN) of the Company : L34102PN1958PLC011172
- Name of the Company : Force Motors Limited
- Registered address : Mumbai-Pune Road, Akurdi, Pune - 411 035.
- Website : www.forcemotors.com
- E-mail id : sbohra@forcemotors.com
- Financial Year reported : 1st April 2021 to 31st March 2022
- Sector(s) that the Company is engaged in (industrial activity code-wise):

| Description | Industrial Activity Code | | |
|-------------|--------------------------|-------|---------------|
| | Group | Class | Sub-class |
| Automotive | 291 | 2910 | 29102 & 29104 |

- List three key products / services that the Company manufactures/ provides (as in balance sheet):
 - Vehicles
 - Tractors
 - Engines, Transmission & Axles.
- Total number of locations where business activity is undertaken by the Company :
 - Number of International Locations (Provide details of major 5) : 0
 - Number of National Locations : 4

- Markets served by the Company - Local / State / National / International : All

FINANCIAL DETAILS

- Paid up Capital (INR) : 1,317.90 lakh
- Total Turnover (INR) : 3,24,004 lakh
- Total profit / (loss) after taxes (INR) : (7,460 lakh)
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 74 lakh (2.85%)
- List of activities in which expenditure in 4 above has been incurred :
 - Disaster Management and Relief
 - Healthcare
 - Education

OTHER DETAILS

The Company has two subsidiaries as on 31st March 2022. At present, the BR initiatives of the Company are restricted to its own operations only.

BR INFORMATION

- Details of the Director responsible for implementation of the BR policy / policies :
 - DIN Number : 00029664
 - Name : Mr. Prasan Firodia
 - Designation : Managing Director
- Details of the BR Head

| Sr. No. | Particulars | Details |
|---------|----------------------------|---------------------------------|
| 1. | DIN Number (if applicable) | -- |
| 2. | Name | Mr. Sanjay Kumar Bohra |
| 3. | Designation | Chief Financial Officer |
| 4. | Telephone number | +91 20 2747 6381 (Extn. : 4620) |
| 5. | E-mail ID | sbohra@forcemotors.com |

Principle-wise BR Policy / policies as per 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVG) :

- Details of compliance

| | |
|------------------|---|
| Principle 1 (P1) | Businesses should conduct and govern themselves with ethics, transparency and accountability |
| Principle 2 (P2) | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle |
| Principle 3 (P3) | Businesses should promote the well-being of all employees |
| Principle 4 (P4) | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized |
| Principle 5 (P5) | Businesses should respect and promote human rights |
| Principle 6 (P6) | Businesses should respect, protect, and make efforts to restore the environment |
| Principle 7 (P7) | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner |
| Principle 8 (P8) | Businesses should support inclusive growth and equitable development |
| Principle 9 (P9) | Businesses should engage with and provide value to their customers and consumers in a responsible manner |



| Sl | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|----|--|---|----|----|----|----|----|----|----|----|
| 1 | Do you have a policy / policies for... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy been formulated in consultation with the relevant stakeholders? | The policies have evolved over a period of time by taking inputs from concerned stakeholders. | | | | | | | | |
| 3 | Does the policy conform to any national / international standards? If yes, specify? (50 words) | All the policies have been prepared as per the requirements of laws, wherever applicable, and are compliant with respective principles of NVG guidelines. | | | | | | | | |
| 4 | Has the policy been approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Director? | All the policies have been approved by the Board, and signed by the Chairman or the Managing Director. | | | | | | | | |
| 5 | Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy? | Mr. Prasan Firodia, Managing Director, is appointed by the Board to oversee BR initiatives. Mr. Sanjay Kumar Bohra (CFO) is the head of BR activity. | | | | | | | | |
| 6 | Indicate the link for the policy to be viewed online? | On written request, copies of the relevant policies can be made available. | | | | | | | | |
| 7 | Has the relevant policy been formally communicated to all relevant internal and external stakeholders? | The policies are communicated to internal stakeholders through its internal line of communication like issue of circular / through tempest (intra) / Company's website. For external stakeholders, the Company has put the policy on its website. | | | | | | | | |
| 8 | Does the company have in-house structure to implement the policy / policies. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10 | Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency? | The working of these policies is being evaluated as a part of the Company's Management Audit. | | | | | | | | |

Governance related to BR

Mr. Prasan Firodia, Managing Director and the leadership team reviews all the BR activities on periodic basis.

The Business Responsibility Report for the Financial Year 2021-22 is uploaded on the website of the Company.

PRINCIPLE-WISE PERFORMANCE

Principle 1 : Businesses should conduct and govern themselves with ethics, transparency and accountability

The Company has the Code of Conduct for Directors and employees of the Company which covers issues like ethics, bribery, corruption etc. It covers the dealings with all its business partners and the stakeholders.

The Company has formulated a Whistle Blower Policy, under which any employee of the Company can raise a concern about any serious irregularities within the Company. Further, the policies relating to prohibition of insider trading, materiality of related party transactions have been adopted to ensure transparency.

The Company's philosophy on governance is based on compliance of applicable laws and exchanging relevant information and disclosures with the concerned stakeholders.

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

The Company's decision making process and operational methods are guided by the philosophy of 'creating low cost, hi-tech products, which are suitable for Indian markets'. It has been always the endeavor of the Company to develop and deliver high quality products that apart from adding value to customers are inherently safe and have minimal impact on the environment.

The Company is continuously strengthening its R&D and technology capabilities.

The Company is truly following "Make in India" philosophy as comprehensive manufacturing activities are carried out in-house, since decades.

Principle 3 : Businesses should promote the well-being of all employees

The Company ensures the well-being of its employees by creating environment which is collaborative, modern and safe. The Company focuses on upgrading skills and functional competencies of its employees by conducting various trainings. The Company has commissioned large, modern and well equipped training centres both at its Akurdi Plant, and at Pithampur Plant, for conducting employee training activities.

As on 31st March 2022, there were a total of 5,659 workmen on the Company's rolls. The Company has 104 women employees out of the above. In addition, there were 1,196 workmen sourced from contractors.

The Company also has a policy on prevention of sexual harassment. A committee has been constituted in accordance with the requirements, under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the Financial Year 2021-22, there were no complaints filed or pending, relating to child labour, forced labour, involuntary labour or sexual harassment.

The Company provides its employees subsidised food facility, subsidised transport facility and medical facilities. The Company also has accommodation facility for its employees. The Company provides medical support to its employees under Group Mediclaim Facility.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

The Company has mapped its internal and external stakeholders and further identified the disadvantaged, vulnerable and marginalized stakeholders.

The Company strictly adheres to the statutory provisions with respect to its contract labour such as payment of wages, statutory contributions and other such obligations, whereby achieving fair and equitable treatment to them.

The Company is also striving to achieve this principle through its CSR initiatives by promoting healthcare and livelihood amongst different sections of the society. The details of initiatives taken by the Company in the area of COVID related disaster management and relief activities, promotion of healthcare and education have been provided in the Annual Report on CSR Activities.

The Company, during the past 2 years, working collaboratively with its group entities has contributed over ₹ 30 crores to various COVID relief activities.

Principle 5 : Businesses should respect and promote human rights

The Company's policies strive to protect human rights of all stakeholders of the Company. The effectiveness of these policies is assessed through periodic reviews. Portals are created for recording issues that may be raised by suppliers, customers, employees, etc. and are subject to departmental review. No unresolved complaints have been reported in this regard.

Principle 6 : Businesses should respect, protect, and make efforts to restore the environment

The Company has a policy on environmental protection namely Environment, Occupational Health and Safety (EOHS) in the form of a manual. The Company has obtained the ISO 14001 Environmental Management System certification as well as OHSAS 18001 Occupational Health and Safety certification.

The employees at all plants of the Company are trained to operate, conduct their activities and maintain facilities in an environmentally responsible manner. Every employee contributes in driving efficient consumption of energy and other resources, by the following measures:

The emissions / wastes generated by the Company are within the permissible limits fixed by Central or State Pollution Control Bodies. The solid and hazardous wastes generated are disposed off strictly in adherence to the conditions of consent / authorization received from Statutory Authorities.

The Company adheres to all statutory environmental requirements and regularly strives for further improvement.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Company actively engages in public advocacy, in a responsible manner. The Company deals with the public officials with a proper protocol.

All such engagements are through recognized industry bodies / trade associations. As on 31st March 2022, the Company is a Member of the following trade associations :

(a) Mahratta Chamber of Commerce, Industries & Agriculture (MCCIA)

(b) Indo German Chamber of Commerce (IGCC)

Principle 8 : Businesses should support inclusive growth and equitable development

The founders of the Company were patriots and persons with high degree of social consciousness. The present management believes in the founders' idealism of utilitarian and Gandhian values - i.e. growth with equitable development of people in the society.

The Company is contributing to community development in many areas including healthcare and education etc. In accordance with the Companies Act, 2013, the Company has fulfilled its obligation towards spending on CSR initiatives. Apart from fulfilling its CSR obligation, the Company has contributed substantial sums towards various relief funds for fighting COVID pandemic.

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner

The Company was founded with the intention of providing utilitarian, low cost, and efficient transport – for the socially weak and rural population of India. The Company always focused on creating utilitarian vehicles with high-cost efficiency, high-reliability, yet products of latest technology, manufactured using the best manufacturing processes. This has enabled the Company to produce vehicles which are especially appreciated in rural areas and by weaker sections of society.

A large portion of the Company's product portfolio caters to the health care sector, through the variety of ambulances it produces, and to the educational sector particularly for children by the large number and variety of school buses it manufactures.

The Company emphasises the production of vehicles for mass transport, and not for individual or for luxurious transport. This is reflected in the Company's commitment to provide to customers and consumers, appropriate products commensurate with the economic conditions of our society.

The customer-centric approach of the Company is reflected in its mechanism of connectivity with customers – pre-sales, during-sales and after-sales – by means of its helplines, its Dealer Management System (DMS) and its wide network for after-sales service, deploying of hundreds of engineers and technicians of its own, and of its dealers. The Company's products enjoy excellent reputation for reliability, ruggedness and low-cost of ownership. The Company employs latest information technology, for communication of the technical and commercial aspects relevant to the customer. This ensures timely redressal of complaints, gain valuable feedback and establishing enduring relationship with the customers.

The Company has conducted driver training programmes for school buses, for ambulance drivers on extensive basis, in hundreds of cities covering thousands of drivers. Also by conducting remote service camps, in faraway places frequented by pilgrims, tourists, etc.

There is no case pending against the Company relating to anti-competitive or unfair trade practices.

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

A number of dramatic changes in the automotive world are happening. The pace of the change is much higher than was expected by most experts.

Introduction of electrification of vehicles in India too is gaining traction at an impressive speed. While two wheelers, personal passenger cars etc. have seen impressive numbers of electric vehicles being demanded and produced. The change in commercial vehicles is significantly slower. However, availability of electric vehicles in the segment of the Vans and Buses is inevitable and interesting.

The first generation electric vehicles development by the Company will be available in the market before the end of the current financial year.

The first objective market segment is the market for 'inner city transport', or last mile transport. However, various Traveller variants, the new Van and various Bus platforms like T2, T3 which have higher seating capacities, and are of a Monocoque design as created by the company, are all being prepared for electrification. Prototypes, supply chain and Componentry, are under development and testing. The company should be ready to be able to meet the demand as it arises. Parallely, work on generation 2 of our electric configuration is undertaken. The system should provide higher efficiency, and greater versatility.

All our Vans and Buses being of Monocoque construction where there is no separate chassis, are naturally up to 1 Ton lighter than competing products. We are the only company who are supplying such Monocoque, light weight, Buses with world class strength, endurance, protection, as also creature comfort levels, in the Indian market. This aspect of light weighing has a significant advantage in efficiency and cost, when electrified versions are built.

Parallely, considering that over the next decade, there will continue to be need, for both Diesel and CNG vehicles in the Van and Bus segments our new family of BS VI.2 compliant high efficiency engines is being prepared for introduction.

It is hoped that the 'regulatory environment' will be sufficiently cognizant of the challenges before the industry, and will address the current inbuilt distortions in the taxation system, and the economic parameters governing business in India.

Extraordinarily high GST levels, particularly on the Van Segment of 10 to 13 seater vehicles, is an anomaly that defies logical explanation. Sadly, this fact which impinges on critical market segments such as Tours and Travels, School Buses, Business travel etc. has remained ignored by the Government.

The collective impact of the GST and the State Government Taxes, aggregate to nearly 50% of the on road value of the vehicles. This, in most cases, is 5 times of the earning of the industry. This is an extraordinary situation. Possibly the highest tax rate anywhere in the world.

In the rebuilding of the new technology product lines, and required plants and production processes by the Automotive Industry, significant investments will be involved, Indian promoter owned Automotive Companies have cost of capital which is 6-8% higher than is the case of International Companies operating in India. Whereas, as a proportion of their turnover, Indian Companies are required to invest and expend generally higher percentage on Research and Development Expenses.

A re-look at the interest rates is essential, for the health of the Automobile Industry.

II. PERFORMANCE OF THE COMPANY

Operational Performance : The number of vehicles sold during the Financial Year under report was 20,575 compared to 14,740 vehicles sold in the Financial Year 2020-21. During the year under Report, the Company achieved a top line of ₹ 3,240.04 Crore. The sales turnover stood at ₹ 3,207.26 Crore compared to the previous year's turnover of ₹ 1,951.87 Crore.

Financial Performance : As stated above, the Company sold 20,575 vehicles during the Financial Year 2021-22 compared to 14,740 vehicles in the previous Financial Year 2020-21. The Profit before Depreciation, Exceptional Items and Taxes, from operations for the year under the Report of ₹ 77.59 Crore as compared to operating profit for the previous Financial Year 2020-21 amounting to ₹ 9.40 Crore. The Net Loss after Depreciation, Exceptional Items and Taxes was of ₹ 74.60 Crore for the Financial Year 2021-22. The Reserves and Surplus of the Company as on 31st March 2022 stood at ₹ 1,773.76 Crore.

Key Financial Ratios : In accordance with the SEBI (LODR) Regulations, 2015, the following are the key financial ratios along with the explanation where changes are more than 25%, as compared to previous financial year.

| Sr. No. | Ratios | FY 2021-22 | FY 2020-21 | % change | Reason for change in the ratios by more than 25% |
|---------|-----------------------------|------------|------------|----------|---|
| (i) | Current Ratio | 0.80 | 1.00 | -20% | -- |
| (ii) | Debt-Equity Ratio | 0.60 | 0.35 | 73% | Impact due to increased term borrowings for ongoing capex programme. |
| (iii) | Debt Service Coverage Ratio | 0.80 | 1.09 | -26% | Interest on borrowing has gone up due to term loan borrowing, hence the change in ratio. |
| (iv) | Return On Equity | (0.04) | (0.06) | 30% | Ratio has been changed due to improved financial performance during the year as compared to previous financial year |
| (v) | Inventory Turnover Ratio | 5.37 | 3.52 | 53% | Improvement is due to improved sales. |
| (vi) | Debtors Turnover Ratio | 20.34 | 13.25 | 54% | Improvement is due to improved sales. |
| (vii) | Operating Profit Margin (%) | 0.04 | 0.02 | 92% | Margin improved due to better financial performance during the year as compared to previous financial year |
| (viii) | Net Profit Margin (%) | (0.02) | (0.06) | 59% | Margin improved due to better financial performance during the year as compared to previous financial year |

III. OUTLOOK

Outlook on the business of the Company is covered in the Board's Report.

IV. SUBSIDIARY

- (a) The Company is a subsidiary of Jaya Hind Industries Private Limited, which holds 57.38% stake in the Company.
- (b) The Company is a Holding Company of Tempo Finance (West) Private Limited, and holds 66.43 % stake in the subsidiary company.
- (c) The Company has a joint venture with Rolls Royce Solutions GmbH, a company of the Rolls Royce Group. The Company holds 51% stake in Force MTU Power Systems Private Limited which has thus become a subsidiary of the Company.

V. OPPORTUNITIES, THREATS AND RISK FACTORS

The opportunity in India for successfully enlarging the Tour and Travel hospitality sector is a very substantial possibility to achieve high economic gains. The improving roadway infrastructure in India, the focus on connecting attractive pilgrimage centers, and tourist sites to the large and efficient grid of express ways and highways, will yield impressive results in the future. This is a special opportunity, given the emerging enhanced stature of India, as the country to travel to.

There is still a tendency to restrict Diesel vehicles in a number of inner cities even though they meet the mandated stringent regulations which are equal to internationally the best regulation. This is a damper on the image and sale of diesel passenger vehicles, particularly mass transport vehicles, such as Vans and Buses.

VI. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company's internal control procedures are adequate to ensure

compliance with various policies, practices and statutes in keeping with the organization's pace of growth and increasing complexity of operations.

The Company maintains system of multi level internal controls which provides reasonable assurance regarding Effectiveness and Efficiency of Operations, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

VII. HUMAN RESOURCE DEVELOPMENT

The Company has continued its programme for training and skill development in its plants, for employees at various levels, who are provided training both in hard and soft skills. A large number of executives in the Sales & Marketing arm of the Company and in our dealer network spread all over India, are also provided continuous upgradation, training in selling skills, product familiarisation, customer service aspects - in a well structured and extensive programme. The Company had 5,659 employees as on 31st March 2022.

VIII. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be forward looking statements. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, amongst others, economic conditions affecting demand / supply and price conditions in the markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

ANNUAL REPORT DISCLOSURES AS SPECIFIED UNDER REGULATION 34 AND SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LODR) REGULATIONS, 2015
A. RELATED PARTY DISCLOSURE

The disclosure in compliance with the Accounting Standard is provided in the Financial Statement as Note No. 35.

B. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is provided in the Annual Report. Necessary disclosures relating to the Accounting Treatment as prescribed in the Accounting Standards are provided in the Board's Report and the Financial Statements.

C. REPORT ON CORPORATE GOVERNANCE
1. Company's philosophy on Corporate Governance

The Company's decision making process and operational methods are guided by the philosophy of "creating low cost, hi-tech products, which are suitable for Indian markets". Simplicity, self-reliance, social responsibility, trust and transparency in dealings with all stakeholders, the ethos on which this business was started by Late Shri N. K. Firodia, the founder of the Company, continues to be the guiding principles for the Organization, in arranging the activities. The Company's philosophy on the 'Code of Governance' is based on compliance of applicable provisions and requires exchange of relevant information and appropriate disclosures to each group of stakeholders, connected with the area of common interest/ stake between the Company and the stakeholder.

2. Board of Directors
• Composition

As on 31st March 2022, the Board comprised of 10 Directors. 03 Directors are Executive Directors, while remaining 07 Directors are Non-Executive Independent Directors. The Company's Board did not consist of any Nominee Director appointed by lender(s) or a group of equity investor(s). Mr. Abhaykumar Firodia, Chairman and Mr. Prasan Firodia, Managing Director; of the Company; are also the Promoters of the Company.

During the year under review, Mr. Anant Talaulicar resigned as an Independent Director of the Company w.e.f. 30th March 2022 i.e. before the expiry of his tenure, due to health reasons. There are no other material reasons for his resignation.

• Directorships / Committee Positions

The details of directorships/ committee positions held by the Directors (as of 31st March 2022) of the Company in other Companies, are as under :

| Name of the Director | Number of other companies in which directorships held* | | Committee positions in listed and unlisted public companies# | | Details of directorships held in other listed entities | |
|--|--|----------|--|----------|---|--------------------------|
| | Director | Chairman | Member | Chairman | Name of the entity | Category of directorship |
| Mr. Abhaykumar Firodia | 05 | 01 | -- | -- | -- | -- |
| Mr. Prasan Firodia | 04 | 01 | 2 | 1 | Sona BLW Precision Forgings Limited | Independent Director |
| Mr. Pratap Pawar | 10 | 02 | 02 | 02 | Bharat Forge Limited | Independent Director |
| Mr. S. Padmanabhan | 07 | -- | 04 | 02 | - Sanghvi Movers Limited - Sudarshan Chemical Industries Limited | Independent Director |
| Mr. Nitin Desai | 07 | -- | 01 | 01 | Zydus Lifesciences Limited | Independent Director |
| Dr. Indira Parikh | 05 | -- | -- | -- | -- | -- |
| Mr. Arun Sheth | 06 | 05 | -- | -- | -- | -- |
| Mr. Arvind Mahajan | 02 | -- | 02 | -- | -- | -- |
| Lt. Gen. (Retd.) (Dr.) D.B. Shekatkar | -- | -- | -- | -- | -- | -- |
| Mr. Prashant V. Inamdar | 01 | -- | -- | -- | -- | -- |

* includes directorship in private companies and bodies corporate.

Only audit committee and stakeholders relationship committee of public limited companies, whether listed or unlisted, are considered for the purpose of reckoning committee positions.

- **Attendance**

Due to the exceptional circumstances caused by the COVID pandemic and consequent relaxations granted by the MCA and the SEBI, all Board Meetings and the Annual General Meeting in the Financial Year 2021-22 were held through Video Conferencing. During the Financial Year 2021-22, five meetings of the Board were held on 28th May 2021, 11th August 2021, 22nd October 2021, 12th November 2021 and 11th February 2022. The attendance of Directors during the Financial Year 2021-22 for Board Meetings and the AGM is as under:

| Name of the Director | Number of Board Meetings attended | Whether present at the last AGM held on 28th September 2021 |
|---|-----------------------------------|---|
| Mr. Abhaykumar Firodia | 05 | Yes |
| Mr. Prasan Firodia | 05 | Yes |
| Mr. Sudhir Mehta (upto 28th February 2022) | 05 | Yes |
| Mr. Pratap Pawar | 05 | Yes |
| Mr. S. Padmanabhan | 05 | Yes |
| Mr. Nitin Desai | 04 | Yes |
| Dr. Indira Parikh | 05 | Yes |
| Mr. Arun Sheth | 05 | Yes |
| Mr. Arvind Mahajan | 05 | Yes |
| Mr. Anant Talaulicar (upto 30th March 2022) | 03 | No |
| Lt. Gen. (Retd.) (Dr.) D.B. Shekatkar | 05 | Yes |
| Mr. Prashant V. Inamdar | 05 | Yes |

- **Inter-se Relation of Directors**

Mr. Abhaykumar Firodia and Mr. Prasan Firodia are related to each other. Mr. Sudhir Mehta, who ceased to be a director of the Company w.e.f. 28th February 2022, was related to Mr. Abhaykumar Firodia. None of the other Directors are related to any other Director of the Company as defined under the Act, including the relevant Rules thereof.

- **Information supplied to the Board**

The Board is presented with all the relevant information in various matters affecting the working of the Company and which requires deliberation at the highest level. Besides key operational and financial information, the Board is presented with information relevant to strategy formulation, for deliberations. This includes information as per Part A of Schedule II of the SEBI (LODR) Regulations, 2015.

At each meeting, the Managing Directors present an elaborate report on the operations of the Company, including an assessment of the market, operational issues, operating profitability and various risks associated with the Company's business. The assessments of the strategic and technological issues enabling a discussion on the strategy, projects, and tactics employed in the management of the Company's affairs are also presented. In the Meetings, the presentations were also made by the Senior Management Officials and Internal Auditors of the Company, covering different functions and areas of the business of the Company. The Directors have made all disclosures as per the requirements of the Act from time to time to the Board of Directors regarding their financial

interest in the transactions with the Company.

The related party disclosure forms part of the Notes to Financial Statements as per the disclosure requirement of the Indian Accounting Standard 24 issued by the Institute of Chartered Accountants of India. The Directors have informed the Company about the Committee positions occupied by them in other Companies and changes therein.

- **Independent Directors' Meeting**

In our opinion, the Independent Directors of the Company fulfill the conditions specified in the Act and SEBI (LODR) Regulations, 2015 and are independent of the Management. The Independent Directors held their separate Meeting on 11th February 2022, as mandated by the provisions of the Act and the SEBI (LODR) Regulations, 2015. The details of the familiarization programme for the Independent Directors of the Company can be accessed at the web link: <https://www.forcemotors.com/investors#shareholdersinformation>

- **Performance Evaluation**

Pursuant to the provisions of the Act and the SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually including the Chairman, as well as evaluation of the working of its Committees. The criteria for Performance Evaluation of Directors, through a structured questionnaire and taking into consideration inputs received from the Director which covered aspects of Boards functioning.

- **Remuneration to Executive Directors**

The details of remuneration paid to the Executive Directors during the Financial Year 2021-22 are as follows: (Amount in ₹)

| Sl. No. | Particulars of Remuneration | Mr. Abhaykumar Firodia | Mr. Prasan Firodia | Mr. Prashant V. Inamdar |
|---------|-----------------------------|------------------------|--------------------|-------------------------|
| 1. | Gross Salary | Nil | 69,42,642 | 1,31,82,382 |
| 2. | Commission | Nil | Nil | Nil |
| 3. | Others | Nil | 25,45,644 | 16,81,211 |
| | Total | Nil | 94,88,286 | 1,48,63,593 |

- **Remuneration, pecuniary transactions with Non-Executive Directors and Shareholding details**

The details of sitting fees paid to the Non-Executive Directors during the Financial Year 2021-22 are as follows: (Amount in ₹)

| Sl. No. | Name of the Directors | Sitting Fees | No. of Equity Shares Held |
|---------|------------------------------------|------------------|---------------------------|
| 1. | Mr. Arun Sheth | 5,00,000 | Nil |
| 2. | Mr. Nitin Desai | 4,00,000 | Nil |
| 3. | Mr. Pratap Pawar | 5,00,000 | Nil |
| 4. | Mr. S. Padmanabhan | 4,50,000 | Nil |
| 5. | Dr. Indira Parikh | 6,00,000 | Nil |
| 6. | Mr. Arvind Mahajan | 4,00,000 | Nil |
| 7. | Mr. Sudhir Mehta | 5,00,000 | Nil |
| 8. | Lt. Gen.(Retd.) Dr. D.B. Shekatkar | 3,00,000 | Nil |
| 9. | Mr. Anant Jaivant Talaulicar | 2,00,000 | Nil |
| | Total | 38,50,000 | |

- **Stock Options to Directors**

The Company does not have stock options.

- **Skills / expertise / competencies of the Board of Directors**

Pursuant to the SEBI (LODR) Regulations, 2015, the Board of Directors have identified core skills / expertise / competencies of each Director, which are vital in the context of the business of the Company.



Considering the nature and size of the Company and the complex business environment in which it is operating, the Board has identified the following key skills expertise competencies :

| Sr. No. | Name of Director | Leadership | Research & Development | Management & Strategy | Operations & Engineering | Supply Chain Management | Sales & Marketing | Finance, Banking & Investment | Audit & Risk Management | CSR, Sustainability & Philanthropy | Information Technology | Human Resources & Industrial Relations | Legal and Corporate Governance |
|---------|--|------------|------------------------|-----------------------|--------------------------|-------------------------|-------------------|-------------------------------|-------------------------|------------------------------------|------------------------|--|--------------------------------|
| 1. | Mr. Abhaykumar Firodia | ✓ | ✓ | ✓ | ✓ | | ✓ | | | ✓ | | ✓ | |
| 2. | Mr. Prasan Firodia | ✓ | | ✓ | | ✓ | ✓ | | | ✓ | ✓ | ✓ | |
| 3. | Mr. Sudhir Mehta (upto 28th February 2022) | | ✓ | ✓ | | | ✓ | ✓ | | | ✓ | | |
| 4. | Mr. Pratap G. Pawar | ✓ | | ✓ | | | | | ✓ | ✓ | | | |
| 5. | Mr. S. Padmanabhan | ✓ | ✓ | ✓ | | | | ✓ | ✓ | ✓ | | | ✓ |
| 6. | Mr. Nitin R. Desai | | | ✓ | ✓ | | ✓ | | ✓ | ✓ | | | |
| 7. | Dr. Indira Parikh | ✓ | | ✓ | | | | | | | | ✓ | |
| 8. | Mr. Arun Sheth | | | | | | | ✓ | ✓ | | | | ✓ |
| 9. | Mr. Arvind Mahajan | ✓ | | ✓ | | ✓ | | ✓ | | | ✓ | | |
| 10. | Mr. Anant J. Talaulicar (upto 30th March 2022) | | ✓ | | ✓ | | | | | | | | |
| 11. | Lt. General (Dr.) D. B. Shekatkar | | | | ✓ | ✓ | | | ✓ | | | | ✓ |
| 12. | Mr. Prashant V. Inamdar | ✓ | | | ✓ | ✓ | | | | | ✓ | ✓ | |

• **Transactions with Promoter / Promoter Group**

Pursuant to the SEBI (LODR) Regulations, 2015, the details of transactions entered by the Company with any person / entity which belongs to the Promoter / Promoter Group and hold(s) 10% or more shareholding in the Company, are provided under Note No. 35 to the Financial Statement.

3. Committees

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprised of 03 Directors as on 31st March 2022 :

- Mr. S. Padmanabhan, Chairman of the Committee, Independent Director
- Mr. Arvind Mahajan, Member, Independent Director
- Dr. Indira Parikh, Member, Independent Director

The Committee met twice during the Financial Year 2021-22. The details of attendance of the members in the Committee meetings, are as follows :

| Name of the Member | Date and details of attendance of Nomination and Remuneration Committee meetings | |
|--------------------|--|------------|
| | 11.08.2021 | 11.02.2022 |
| Mr. S. Padmanabhan | P | P |
| Mr. Arvind Mahajan | P | P |
| Dr. Indira Parikh | P | P |

Terms of reference of Nomination and Remuneration Committee include :

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.

(iv) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

(v) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

(vi) Recommend to the Board, all remuneration, in whatever form, payable to the senior management.

On recommendation of the Nomination and Remuneration Committee, the Board has adopted the policy on appointment of Directors, Independent Directors and Key Managerial Personnel and remuneration payable to them. As mandated, the said policy is posted on the website of the Company <https://www.forcemotors.com/themes/frontend/docs/share-holder-info/other/Remuneration-Policy.pdf>

Audit Committee

The Audit Committee comprised of 03 Directors as on 31st March 2022 :

- Mr. Pratap Pawar, Chairman of the Committee, Independent Director
- Mr. Arun Sheth, Member, Independent Director
- Dr. Indira Parikh, Member, Independent Director

Mr. Sudhir Mehta ceased to be the member of the Committee w.e.f. 28th February 2022 due to his resignation from the Board.

The Committee met four times during the Financial Year 2021-22. The details of attendance of the members in the Committee meetings, are as follows :

| Name of the Member | Date of meetings and details of attendance | | | |
|------------------------------------|--|------------|------------|------------|
| | 28.05.2021 | 11.08.2021 | 12.11.2021 | 11.02.2022 |
| Mr. Pratap Pawar | P | P | P | P |
| Mr. Arun Sheth | P | P | P | P |
| Dr. Indira Parikh | P | P | P | P |
| Mr. Sudhir Mehta (upto 28.02.2022) | P | P | P | P |

The terms of reference of the Audit Committee include :

- (i) Oversight of Company's reporting processes and financial information, review of Financial Statements, both audited and unaudited.
- (ii) Review of accounting policies and practices, review of compliance with accounting standards, discussion with statutory auditors before the audit commences and post audit, review of auditors' independence and performance.
- (iii) Recommendation of appointment and remuneration of statutory auditors and cost accountants, internal auditors, approval of appointment of Chief Financial Officer.
- (iv) Review and approval of related party transaction(s), decide the principles for grant of omnibus approval for related party transaction(s).
- (v) Oversee the vigil mechanism, evaluation of internal financial controls and risk management systems.
- (vi) Review of utilization of loans / advances / investments made by the Company and its subsidiaries.
- (vii) Other areas indicated in the SEBI (LODR) Regulations, 2015 and as per the provisions of Section 177 of the Act.

The Audit Committee reviewed the Unaudited Financial Results (Provisional) for the first three quarters in its Meetings held on 11th August 2021, 12th November 2021 and 11th February 2022 respectively; and Audited Financial Accounts for the Financial Year ended 31st March 2022 in its meeting held on 27th May 2022. During the year under report, the Audit Committee interacted with the Statutory Auditors, Cost & Management Consultants and Internal Auditors of the Company regarding internal control systems, discussed the financial results / cost accounting records, and also held a post statutory audit verification of the financial / cost accounts.

The Committee also interacted with the executives of the Company on finance related matters including officials of Internal Audit department of the Company. The Committee reviewed the risk management policies, insurance cover taken by the Company, purchase procedures of raw materials and components for manufacture of various types of motor vehicles and also the foreign exchange exposure of various transactions. The remuneration of the Auditors was decided in consultation with the Audit Committee. Extensive data / details connected with the financial management of the Company and on other related aspects were submitted to the Committee in each of the meetings.

The Certificate from the Managing Director and the Chief Financial Officer was also submitted to the Audit Committee and to the Board. The Audit Committee is empowered to require presence of any of the employee of the Company. No employee has sought access to the Audit Committee during the year under report.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprised of 03 Directors as on 31st March 2022 :

- Mr. Nitin Desai, Chairman of the Committee, Independent Director
- Mr. Abhaykumar Firodia, Member
- Mr. Prasan Firodia, Member

Mr. Sudhir Mehta ceased to be the member of the Committee w.e.f. 28th February 2022 due to his resignation from the Board.

Mr. Kishore P. Shah was Company Secretary & Compliance Officer of the Company upto 8th April 2022. Mr. Gaurav Deshmukh has been appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 27th May 2022.

The Committee met from time to time for approval of issue of duplicate share certificates, transmission and to deal with other matters.

During the year under report, 16 shareholders' complaints were received and all these complaints were resolved to the satisfaction of the concerned members. As of 31st March 2022, no complaints were pending.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprised of 02 Directors as on 31st March 2022 :

- Mr. S. Padmanabhan, Chairman of the Committee, Independent Director
- Mr. Nitin Desai, Member, Independent Director

Mr. Sudhir Mehta ceased to be the member of the Committee w.e.f. 28th February 2022 due to his resignation from the Board. The Board in its meeting held on 27th May 2022, has appointed Mr. Abhaykumar Firodia, Chairman and Mr. Prasan Firodia, Managing Director, as members of the Committee.

The Committee recommends Corporate Social Responsibility ('CSR') activities to the Board. The Committee approves the CSR activities to be undertaken and amount of expenditure to be incurred for the same. The Committee also monitors the CSR activities of the Company and is entrusted to formulate mechanism for transparent implementation of the same. The Committee reviews and ensures compliance with the requirement of the provisions of the Act and the CSR Rules.

During the year under report, the Committee met once on 28th May 2021.

Risk Management Committee

The Risk Management Committee comprises of 04 directors of the Company:

- Mr. Abhaykumar Firodia, Chairman of the Committee and the Board
- Mr. Prasan Firodia, Member, Managing Director
- Mr. Nitin Desai, Member, Independent Director
- Mr. Prashant V. Inamdar, Member, Executive Director (Operations)

The Committee met twice during the Financial Year 2021-22. The details of attendance of the members in the Committee meetings, are as follows :

| Name of the Member | Date of meetings and details of attendance | |
|-------------------------|--|------------|
| | 12.11.2021 | 29.03.2022 |
| Mr. Abhaykumar Firodia | P | P |
| Mr. Prasan Firodia | P | P |
| Mr. Nitin Desai | P | P |
| Mr. Prashant V. Inamdar | P | P |

The terms of reference of the Risk Management Committee are as under :

- (1) To formulate a detailed risk management policy which shall include :
 - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;



(6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee will coordinate its activities with other Committees, in instances where there is any overlap with activities of such Committees, as per the framework laid down by the Board of Directors.

4. General Body Meetings / Postal Ballots

The details of the last three Annual General Meetings are as under :

| Annual General Meeting held on | Time | Location | Number of Special Resolutions | Subject of Special Resolution |
|-------------------------------------|------------|--|-------------------------------|--|
| 19th September 2019 | 11.30 a.m. | Mumbai-Pune Road, Akurdi, Pune - 411035. | 04 | 1. Re-appointment of Mr. Abhaykumar Firodia as Managing Director of the Company, to be designated as 'Chairman' 2. Re-appointment of Mr. Prasan Firodia as Managing Director of the Company 3. Re-appointment of Mr. Prashant V. Inamdar, as Executive Director of the Company 4. Re-appointment of Mr. Arvind Mahajan, as an Independent Director of the Company |
| 29th September 2020 | 3.00 p.m. | Through Video Conferencing | 02 | 1. Modification in the terms and conditions, related to remuneration payable to Mr. Prasan Firodia as Managing Director of the Company. 2. Adoption of the new set of Regulations as the Articles of Association of the Company. |
| Postal Ballot on 10th February 2021 | N. A. | N. A. | 02 | 1. Authorization to offer, issue and allot Non-convertible Debentures (NCD's) on private placement basis aggregating upto ₹ 500 crore. 2. Fixing of borrowing limits and creation of charge, mortgage or hypothecation on the assets of the Company in connection with the borrowings. |
| 28th September 2021 | 3.00 p.m. | Through Video Conferencing | 02 | 1. Re-appointment of Mr. Anant Talaulicar as an Independent Director 2. Re-appointment of Lt. General (Retd) Dr. D B Shekatkar as an Independent Director |

During the year under review, there was no resolution passed by Postal Ballot and there is no special resolution proposed to be passed by Postal Ballot.

5. Means of Communication

The quarterly and annual financial results of the Company are communicated forthwith to the stock exchange and shareholders, on approval by the Board.

The quarterly, half-yearly and the annual financial results of the Company are published in the leading newspapers 'Financial Express', 'Business Standard' (English newspapers) and 'Loksatta' (Marathi newspaper).

The quarterly results of the Company are available on the Company's website www.forcemotors.com

No presentation was made to any institutional investor or analyst during the Financial Year 2021-22.

6. Policies as mandated under the SEBI (LODR) Regulations, 2015

• Archival Policy

Pursuant to Regulation 30(8) of the SEBI (LODR) Regulations, 2015, every listed company shall disclose on its website all such events or information which have been disclosed to the stock exchange(s) under Regulation 30. Such disclosures shall be posted on the website of the Company for a minimum period of five years and thereafter as per the archival policy of the Company. Accordingly, 'Archival Policy' as approved by the Board of Directors of the Company can be accessed from the Company's website at <https://www.forcemotors.com/themes/frontend/docs/shareholder-info/other/archival-policy.pdf>

• Dividend Distribution Policy

The 'Dividend Distribution Policy' as approved by the Board of Directors of the Company can be accessed from the Company's website at <https://www.forcemotors.com/themes/frontend/docs/shareholder-info/other/Dividend-Distribution-Policy.pdf>

• Whistle Blower Policy / Vigil Mechanism

The Whistle Blower Policy / Vigil Mechanism addresses complaints w.r.t. leakage of unpublished price sensitive information in relation to the Company and prescribe the manner in which such cases shall be investigated. The Audit Committee oversees the genuine concerns expressed by the employees and Directors. The Company has also provided adequate safeguards against the victimization of employees and Directors who express their concerns. The details of the mechanism / policy are disclosed on the website of the Company at <https://www.forcemotors.com/themes/frontend/docs/shareholder-info/other/Whistleblower%20Policy.pdf>

• Policy on materiality of Related Party Transactions

The Board has formulated a policy on materiality of the Related Party Transactions (RPTs) pursuant to the SEBI (LODR) Regulations, 2015. The policy has been revised pursuant to the amendments in the said Regulations, for revising threshold limits for determining materiality of RPTs entered by the Company during a financial year or any modification to the existing RPTs. The limits will be reviewed by the Board of Directors once in 3 (three) years. Web link for the policy is <https://www.forcemotors.com/themes/frontend/docs/shareholder-info/other/Policy-on-Materiality-of-Related-PartyTransactions.pdf>

• Policy for determining Material Subsidiaries & its Governance Framework

The Board has formulated a policy for determining 'material' subsidiaries pursuant to the SEBI (LODR) Regulations, 2015. Web link for the policy is <https://www.forcemotors.com/themes/frontend/docs/shareholder-info/other/Policy-for-determining-Material-Subsidiaries-&-its-Governance-Framework.pdf>

- **Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons**

The Company has a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' (the 'Code for UPSI') and also a 'Code of Internal Procedures And Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons' (the 'Code of Conduct') in pursuance to the Regulation 8 and Regulation 9, respectively of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The above Codes can be accessed at <https://www.forcemotors.com/themes/frontend/docs/shareholder-info/other/Code-of-conduct-as-per-Insider-TradingRegulations.pdf>

7. Other Disclosures

- **Materially significant related party transactions**

During the year under review, the RPTs entered into by the Company with its holding company Jaya Hind Industries Private Limited, exceeded the threshold limits set out in Company's Policy on Materiality of the Related Party Transactions. The transactions entered are not in conflict with the interests of the Company at large.

Approval for the above mentioned RPTs is sought from the shareholders in the ensuing AGM. Please refer the details of such transactions in the notice of the 63rd AGM.

- **Details of non-compliance etc. during the last three years**

The Company has been compliant of the provisions w.r.t. Corporate Governance. No penalties were imposed by the Stock Exchange or the SEBI on the Company in any matter related to capital market(s) during the last three years.

- **Utilization of funds raised through preferential allotment or qualified institutional placement**

There is nothing to report under this heading.

- **Commodity Price Risk and Commodity Hedging Activities**

The details of Commodity Price Risk and Hedging Activities related to the same have been covered in Note No. 38 of the Financial Statement relating to Financial Risk Management.

- **Credit ratings**

During the year under report, the Company obtained the following credit ratings for its bank loan facilities and Non-Convertible Debentures issued :

| Credit rating agency | Type of facilities rated | Rating assigned (Previous rating) |
|----------------------|--|-----------------------------------|
| CRISIL | ₹ 190 crore Secured Non-Convertible Debentures | CRISIL AA / Stable (Reaffirmed) |
| | Bank Loan facilities amounting to ₹ 1,697.50 crore : | |
| | Long Term | CRISIL AA / Stable (Reaffirmed) |
| | Short Term | CRISIL A1+ (Reaffirmed) |

- **Total fees paid to the Auditors**

Please refer the details of payments made by the Company to its Auditors during the period under review, in Note No. 27 to the Financial Statement under a separate heading.

None of the subsidiaries of the Company made any payment to the Auditors of the Company, during the period under review.

- **Loans and advances to firms/entities where the directors are interested**

During the year under review, no loans or advances in the nature of loan were given by the Company or its subsidiaries to the firms/entities where the directors are interested.

- **Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 :**

Please refer the disclosure under this head in the Board's Report.

8. Compliance of Corporate Governance and SEBI (LODR) Regulations, 2015.

The Company has complied with the requirements w.r.t. Corporate Governance Report as specified in the Schedule V of the SEBI (LODR) Regulations, 2015. The Company has submitted quarterly compliance report on Corporate Governance to the Stock Exchange within prescribed timelines, during the Financial Year. The Company has complied with mandatory requirements of the SEBI (LODR) Regulations, 2015.

The Company has complied with the discretionary requirements as specified in Part E of Schedule II as under :

- **The Board**

The Chairman of the Company is also an Executive Director; hence there is nothing to report under this heading.

- **Shareholder Rights**

The quarterly/half-yearly/annual results, after they are taken on record by the Board of Directors, are sent forthwith to BSE Limited. The results, in prescribed format are published in the newspapers as per the requirements under the SEBI (LODR) Regulations, 2015.

- **Modified opinion(s) in Audit Report**

The Company confirms that its Financial Statement is with unmodified audit opinion.

- **Separate posts of Chairperson and the Managing Director or the Chief Executive Officer**

Mr. Abhaykumar Firodia, Chairman, is also the Managing Director of the Company. He is also related to Mr. Prasan Firodia, the Managing Director.

- **Reporting of Internal Auditor**

The Internal Auditor of the Company reports to the Audit Committee.

9. General Shareholders' Information

- **Scheduled AGM**

The 63rd AGM of the Shareholders of the Company will be held before 30th September 2022.

- **Financial Year**

The Financial Year observed by the Company is 1st April of a year to 31st March of the following year.

- **Financial Calendar**

Unaudited Financial Results will be published on or before:

For Quarter 1 : 14th August

For Quarter 2 : 14th November

For Quarter 3 : 14th February

Audited Results: 30th May

- **Payment of Dividend**

The Board in its Meeting held on 27th May 2022; has recommended a final dividend of ₹ 10/- per equity share on 1,31,76,262 equity shares, for the Financial Year ended 31st March 2022. The dividend, if declared by the Members of the Company, will be paid within 30 days from the date of 63rd AGM.

63rd Annual Report 2021-22

• Date of Book Closure

The details of closure of register of members and share transfer books of the Company will be provided in the Notice of the 63rd AGM.

• Listing on Stock Exchange

Shares of the Company are listed on BSE Limited. Annual Listing fee for the Financial Year 2022-23 has been paid to BSE Limited.

• Stock Code

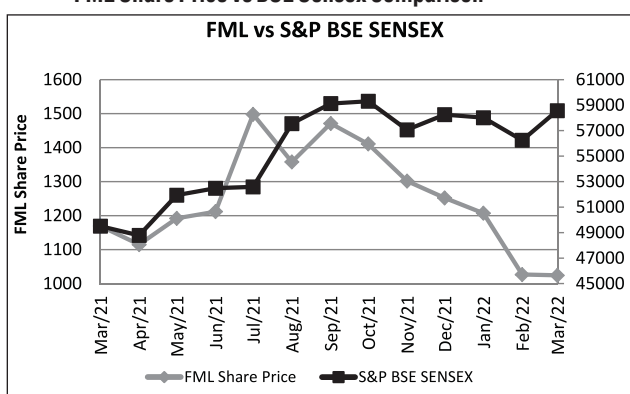
The Stock Code allotted by BSE Limited is 500033.

• Share Price performance vis-a-vis BSE Sensex

Performance of share price of the Company during the Financial Year 2021-22 in comparison to BSE Sensex is given as under:

| Month | Share Price | | BSE Sensex | |
|----------------|-------------|----------|------------|-----------|
| | High ₹ | Low ₹ | High | Low |
| April 2021 | 1,315.00 | 1,051.35 | 50,375.77 | 47,204.50 |
| May 2021 | 1,290.25 | 1,104.10 | 52,013.22 | 48,028.07 |
| June 2021 | 1,265.00 | 1,172.40 | 53,126.73 | 51,450.58 |
| July 2021 | 1,706.25 | 1,208.00 | 53,290.81 | 51,802.73 |
| August 2021 | 1,577.35 | 1,240.65 | 57,625.26 | 52,804.08 |
| September 2021 | 1,614.45 | 1,340.35 | 60,412.32 | 57,263.90 |
| October 2021 | 1,610.00 | 1,401.00 | 62,245.43 | 58,551.14 |
| November 2021 | 1,740.00 | 1,273.50 | 61,036.56 | 56,382.93 |
| December 2021 | 1,357.10 | 1,189.55 | 59,203.37 | 55,132.68 |
| January 2022 | 1,376.05 | 1,160.30 | 61,475.15 | 56,409.63 |
| February 2022 | 1,227.95 | 979.40 | 59,618.51 | 54,383.20 |
| March 2022 | 1,093.55 | 970.05 | 58,890.92 | 52,260.82 |

• FML Share Price vs BSE Sensex Comparison



• Distribution of Shareholding : Distribution of shareholding as on 31st March 2022 was as under:

| Category (Shares) | Number of shareholders | Percentage to total shareholders | Number of shares | Percentage to total number of shares held |
|-------------------|------------------------|----------------------------------|--------------------|---|
| 1 to 500 | 61,557 | 98.20 | 24,44,849 | 18.56 |
| 501 to 1000 | 638 | 1.02 | 4,72,263 | 3.58 |
| 1001 to 2000 | 274 | 0.43 | 3,90,626 | 2.97 |
| 2001 to 3000 | 85 | 0.14 | 2,12,379 | 1.61 |
| 3001 to 4000 | 38 | 0.06 | 1,35,794 | 1.03 |
| 4001 to 5000 | 21 | 0.03 | 97,639 | 0.74 |
| 5001 to 10000 | 45 | 0.07 | 3,15,109 | 2.39 |
| 10001 & above | 30 | 0.05 | 91,07,603 | 69.12 |
| Total | 62,688 | 100.00 | 1,31,76,262 | 100.00 |

• Share Transfer Agent

The Company's Registrar and Share Transfer Agent (RTA) is Link Intime India Private Limited, situated at Block No. 202, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune - 411001, who handles the demat and physical share transfers as well as other shares related activities of the Company.

• Share Transfer System

Applications for transfers, transmission are received by the Company at its Registered Office or at the office of its RTA and are processed by the RTA on regular basis. The requests for transfer of shares are approved only in dematerialised form and the same are duly processed by National Securities Depository Limited / Central Depository Services (India) Limited in the electronic form through the respective depository participants. As on the date of report, no transfer and transmission request of shares held in physical form is pending. During the year under report, the Company processed 25 transmissions and 40 requests for dematerialisation. There was 1 request for rematerialisation of shares.

• Dematerialization / Rematerialisation of Shares

The shares of the Company are available for trading in depository system of both National Securities Depository Limited and Central Depository Services (India) Limited. The International Securities Identification Number ('ISIN') code allotted to the shares of the Company is INE451A01017. As on 31st March 2022, 97.48% of the Company's shares were held in dematerialised form and 2.23% in physical form.

• The Company has not issued any GDR, ADR or Warrants or Convertible Instruments.

• CIN

The Corporate Identity Number allotted to the Company is L34102PN1958PLC011172.

• Registered Office

The Company's registered office address is Mumbai-Pune Road, Akurdi, Pune - 411 035, Maharashtra.

• Plant locations

The Company's plants are located at the following places:

- Mumbai - Pune Road, Akurdi, Pune - 411035, Maharashtra.
- Plot No.3, Sector No.1, Industrial Area, Pithampur, District Dhar - 454 775, Madhya Pradesh.
- Gat no. 330 (P), 331, 332, 312 / 5 / 6 / 7 and 355 Village Nanekarwadi, Chakan, Taluka Khed, District Pune - 410 505, Maharashtra.
- Mahindra World City, Panchayat Anjur, Taluka Chengalpattu, District Kancheepuram - 603 004, Tamilnadu.

The address for correspondence is :

- Mr. Gaurav Deshmukh
Company Secretary & Compliance Officer
Force Motors Limited
Mumbai - Pune Road, Akurdi,
Pune - 411 035, Maharashtra
Phone : (020) 27476381
e-mail : compliance-officer@forcemotors.com
or
- Mr. Sandip Pawar
Link Intime India Private Limited
Block no. 202, Akshay Complex,
Near Ganesh Temple, Off Dhole Patil Road,
Pune - 411 001, Maharashtra
Phone : (020) 26161629 / 26160084
Telefax No. : (020) 26163503
e-mail : pune@linkintime.co.in

D. AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE AND DECLARATION ON CODE OF CONDUCT

The certificate obtained from the Statutory Auditors of the Company regarding compliance of conditions on Corporate Governance, as per the provisions of the SEBI (LODR) Regulations, 2015 is annexed to the Report. The Code of Conduct approved by the Board of Directors of the Company is available on the website of the Company. The confirmation about compliance of the code is being obtained on annual basis. A declaration signed by the Managing Director to that effect is obtained. The Company has complied with the mandatory requirements prescribed under the SEBI (LODR) Regulations, 2015.

E. UNPAID/UNCLAIMED DIVIDEND

In terms of the provisions of Section 124 of the Act, the Company is obliged to transfer dividends which remain unpaid or unclaimed for a period of seven consecutive years from the date of transfer to Unpaid Dividend Account, to be credited to the Investor Education and Protection Fund ('IEPF') established by the Central Government.

Accordingly, during the year under review unclaimed/unpaid dividend of ₹ 337,841/- was transferred to IEPF.

Members are hereby informed that the seven years period for payment of the dividend pertaining to the financial years as given below will expire on respective dates and thereafter the amount standing to the credit in the said account will be transferred to the IEPF. Members are therefore requested to encash the dividend at the earliest.

Dates for transfer of Unclaimed Dividend to the fund :

| Sr. No. | Financial Year | Date of Dividend Declaration | Date on which Dividend become Due for Transfer to IEPF |
|---------|----------------|------------------------------|--|
| 1. | 2014-15 | 26-Sep-2015 | 25-Oct-2022 |
| 2. | 2015-16 | 12-Mar-2016 | 18-Apr-2023 |
| 3. | 2016-17 | 13-Sep-2017 | 12-Oct-2024 |
| 4. | 2017-18 | 11-Sep-2018 | 12-Oct-2025 |
| 5. | 2018-19 | 19-Sep-2019 | 22-Oct-2026 |
| 6. | 2019-20 | 29-Sep-2020 | 03-Nov-2027 |
| 7. | 2020-21 | 28-Sep-2021 | 03-Nov-2028 |

F. TRANSFER OF SHARES TO IEPF

During the year, the Company has transferred 1,862 shares on 16th November 2021 to the IEPF. The shares were transferred on account of dividends unclaimed for seven consecutive years.

The voting rights on these shares shall remain frozen until the rightful owner claims the shares.

All the benefits accruing on these shares pursuant to any corporate action and any further dividend received on the shares shall be credited to the designated Demat Account / Bank account of the IEPF.

G. UNCLAIMED SHARE CERTIFICATES AND SUSPENSE ACCOUNT

Share certificates in respect of 2,612 shares earlier issued as right shares or bonus shares were returned undelivered. The Company had intimated this fact to the concerned Members from time to time including reminders issued as per the requirement. These unclaimed shares were transferred to the 'Force Motors Limited - Unclaimed Securities Suspense Account'.

Of the above mentioned shares, 2,151 shares were transferred to IEPF, in accordance with Section 124(6) of the Act and Rules made thereunder. List of the Members whose shares are held in 'Force Motors Limited -Unclaimed Securities Suspense Account', is hosted on the website of the Company.

As per the SEBI (LODR) Regulations, 2015, all corporate benefits in terms of securities accruing on these shares shall be credited to the 'Force Motors Limited-Unclaimed Securities Suspense Account' (for 461 shares) and to the demat account of IEPF (for 2,151 shares).

The details of the above shares are as given below :

- Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year : 461 Equity Shares of ₹ 10/- each of 3 shareholders.
- Number of shareholders who approached the Company for transfer of shares from suspense account during the year : 02
- Number of shareholders to whom shares were transferred from suspense account during the year : 02
- Aggregate number of shareholder and the outstanding shares in the suspense account lying at the end of the year: 200 Equity Shares of ₹ 10/- each of 01 shareholder.
- Voting rights on these shares shall remain frozen till the rightful owner of these shares presents a claim for the same.

H. MD AND CFO CERTIFICATION

The Managing Director and the Chief Financial Officer give an annual certification on financial reporting and internal controls to the Board in terms of the SEBI (LODR) Regulations, 2015. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the SEBI (LODR) Regulations, 2015.

I. DECLARATION BY THE MANAGING DIRECTOR FOR COMPLIANCE WITH CODE OF CONDUCT

To
The Members of Force Motors Limited
I, Prasan Firodia, Managing Director of Force Motors Limited declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March 2022.

Pune, 18th May 2022

Prasan Firodia
Managing Director
DIN : 00029664

J. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Force Motors Limited having CIN: L34102PN1958PLC011172 and having registered office at Mumbai-Pune Road, Akurdi, Pune - 411 035 (hereinafter referred to as 'the Company'), produced before me, by the Company & its officers for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the SEBI (LODR) Regulations, 2015.

In my opinion and to the best of my information and according to the verification (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the following Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2022 have been debarred or disqualified from being appointed or continuing as Director of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

| Sr. No. | Name of Director | DIN | Date of Appointment in Company |
|---------|--|----------|--------------------------------|
| 1. | Mr. Abhaykumar Navalmal Firodia | 00025179 | 01.07.2002 |
| 2. | Mr. Prasan Abhaykumar Firodia | 00029664 | 30.09.2006 |
| 3. | Mr. Sudhir Mehta (Upto 28th February 2022) | 00056867 | 30.09.2006 |
| 4. | Mr. Padmanabhan Subramanian | 00001207 | 30.09.2006 |
| 5. | Mr. Pratap Govind Pawar | 00018985 | 30.09.2006 |
| 6. | Mr. Arun Prabhudas Sheth | 00086891 | 25.09.2010 |
| 7. | Mr. Nitin Raojibhai Desai | 00140239 | 11.08.2014 |
| 8. | Dr. Indira Jitendra Parikh | 00143801 | 11.08.2014 |
| 9. | Mr. Prashant Vijay Inamdar | 07071502 | 16.01.2015 |
| 10. | Mr. Arvind Rajindernath Mahajan | 07553144 | 30.07.2016 |
| 11. | Mr. Anant Jaivant Talaulicar (Upto 30th March 2022) | 00031051 | 13.02.2019 |
| 12. | Mr. Dattatray Balajirao Shekatkar | 02676828 | 13.02.2019 |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Pune
Date: 9th May 2022

Name: **I. U. Thakur**
Membership No.: 2298
CP No.: 1402
Peer Review no. 1426/2021
UDIN: F002298D000292093

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Force Motors Limited

1. We have examined the compliance of conditions of corporate governance by Force Motors Limited ('the Company') for the year ended 31st March 2022 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').
2. The compliance of the conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.
3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. Based on our examination of the relevant records and according to the best of our information and explanations provided to us, we certify that the Company has complied with the conditions of regulations of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
8. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
9. The certificate is issued solely for the purpose of complying with the aforesaid SEBI Listing Regulations and may not be suitable for any other purpose.

For **Kirtane & Pandit LLP**
Chartered Accountants
[FRN : 105215W/W100057]

Pune, May 27, 2022

Suhas Deshpande
Partner
Membership No. 031787
UDIN No. : 22031787AJSWC09934

INDEPENDENT AUDITORS' REPORT

To the Members of Force Motors Limited

Report on the audit of Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Force Motors Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the standalone financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the loss and total comprehensive Income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

| Sr. No. | Key Audit Matter | How our audit addressed the key audit matter |
|---------|---|---|
| 1. | <p>Contingent Liability</p> <p>The Company has in duties and taxes litigations that are pending with various tax authorities. Whether a liability is recognized or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on assumptions and assessments. We placed specific focus on the judgements in respect to these demands against the Company. Determining the amount, if any, to be recognized or disclosed in the financial statements, is inherently subjective. Therefore, it is considered to be a key audit matter. (Refer Note 30(a) to standalone financial statements)</p> | <p>Our procedures included, but were not limited to, the following :</p> <ul style="list-style-type: none"> • Obtained an understanding from the management with respect to process and controls followed by the Company for identification and monitoring of significant developments in relation to the litigations, including completeness thereof. • Obtained the list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations. • Assessed management’s discussions held with their legal consultants and understanding precedents in similar cases. • Our own teams of tax experts assessed and validated the adequacy and appropriateness of the disclosures made by the management in the financial statements. |
| 2. | <p>Intangible assets</p> <p>Product development costs incurred on new vehicle platforms; engines are recognised as intangible assets only when technical feasibility has been established. The costs capitalised during the year include technical know-how expenses, materials, direct Labour, inspecting and testing charges, designing and other direct expenses incurred on respective projects, up to the date the intangible asset is capitalised. The capitalisation of product development cost</p> | <p>Our audit approach consisted evaluation of design and implementation of controls, and testing the operating effectiveness around initiation of capitalisation of the product development cost including management’s validation of relevant data elements and benchmarking the assumptions;</p> <p>The audit procedures included :</p> <ul style="list-style-type: none"> • Obtained the list of approved project wise details and verify the completeness and accuracy of cost data with respect to various system generated reports. • Inspected the respective approvals for initiation of capitalisation including government approvals (DSIR) where applicable. |

| Sr. No. | Key Audit Matter | How our audit addressed the key audit matter |
|---------|---|--|
| | <p>is considered to be a key audit matter given that the assessment of the capitalisation criteria set out in Ind AS 38 Intangible Assets is made at an early stage of product development and there are inherent challenges with accurately predicting the future economic benefit, which must be assessed as probable for capitalisation to commence. (Refer Note 2{f} and Note 5 of the Standalone Financial Statements)</p> | <ul style="list-style-type: none"> • Reviewed the cost allocation for the year and determined that costs capitalised are directly attributable. • Tested on sample basis costs incurred towards projects i.e. in respect of manpower cost, we verified hours booked on respective projects, hourly rates for respective persons and sample vouchers / invoices for directly attributable expenses. • We reviewed judgments used by the Management for expected probable economic benefits and associated expenditures, and their assessment of feasibility of the projects, including appropriateness of past / present useful life applied in calculation of amortization. • After carrying out above audit procedures, we concluded that relevant criteria for capitalisation have been met. |

Information other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Business Responsibility Report, but does not include the financial statements and our auditor's report thereon.

Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information is expected to be made available to us after the date of this auditor's report, hence our opinion is based on Standalone Financial Statements only.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. When we read Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Business Responsibility Report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the standalone Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report that :
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us :
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 30 to the standalone financial statements
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - (iv) With respect to clause (e) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended
 - (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused us believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- (v) The final dividend paid by the Company during the year in respect for the previous year is in accordance with Section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.

As stated in Note 44 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Reg. No. 105215W / W100057

Place : Pune
Date : 27th May 2022

Suhas Deshpande
Partner
Membership No. : 031787
UDIN : 22031787AJSVSU2170

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Force Motors Limited** of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("**the Act**")

We have audited the internal financial controls over financial reporting of **FORCE MOTORS LIMITED** ("**the Company**") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial

controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.



Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and

such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W/W100057

Place : Pune
Date : 27th May 2022

Suhas Deshpande
Partner
Membership No. : 031787
UDIN : 22031787AJSVSU2170

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **FORCE MOTORS LIMITED** of even date)

- (i) (a) In Respect of records of property, plant and equipment and intangible assets
 - A The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - B The Company has maintained proper records showing full particulars of intangible Assets.
- (b) According to the information and explanations given to us, Property, plant and equipment were physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of Property, plant and equipment is reasonable.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as reported in Note 2 of financial statements are held in the name of the Company.
- (d) In our opinion and according to the information and explanations given to us, The Company has not revalued its property plant and equipment during the year. Accordingly, Clause 3(i)(d) of the Order is not applicable.
- (e) According to the information and explanations given to us by Management, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, Clause 3(i)(e) of the Order is not applicable.
- (ii) (a) As informed to us, the physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such verification.
- (b) As informed to us during the year, the Company has been sanctioned working capital limits in excess of five crore rupees, from banks on the basis of security of current assets; the quarterly statements filed by the Company with such

banks are in agreement with the books of account of the Company.

- (iii) Company has not provided any guarantee or security or granted any loans other than loans and advances to employees as per Company’s policy or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. Accordingly, paragraph 3(iii)(a), 3(iii)(c), 3(iii)(d), 3(iii)(e), 3(iii)(f) of the Order is not applicable.

With respect to reporting under 3(iii)(b) in respect of investment made during the year and loans and advances given to employees as per Company’s policy does not prima facie appears to be prejudicial to the interest of the Company. Further as informed to us the Company has not provided any guarantees or not provided security in connection with the loan during the year. Accordingly, reporting with respect to Loans, Guarantees, securities in connection with the loan 3(iii)(b) of the Order is not applicable

- (iv) In our opinion and according to information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of investments and loans and advances given to employees as per Company’s policy. Further the Company has not given any guarantee or security in connection with a loan to any other body corporate or person. Further Company has not given any loan to directors as per Section 185 of the Act.
- (v) In our opinion and according to the information and explanations given to us, in respect of deposits or amounts which are deemed to be deposits, the Company has complied with the directives of the Reserve Bank of India and the provision of Sections 73 to 76 of the Companies Act 2013, and the rules framed there under, wherever applicable. As informed to us, no order has been passed against the Company, by the Company Law Board, the National Company Law Tribunal, RBI, or any court or any tribunal.
- (vi) The Central Government has specified maintenance of cost records under Sub-Section (1) of Section 148 of the Act and we are of the opinion that prima facie such records are made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues :

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(b) Details of disputed amounts of statutory dues referred to in sub-clause (a) which have not been deposited as at March 31, 2022 on account of dispute are given below :

| Sr No. | Name of the Statute | Nature of the Dues | Amount* (Rs in Lakhs) | Period(s) to which the amount relates (Various year covering the period) | Forum where such dispute is pending |
|--------|--------------------------|--------------------|-----------------------|--|---|
| 1 | Central Excise Act, 1944 | Excise Duty | 442.76 | 1987-1991, 1990-1991, 1998-2000, 2008-2018 | Customs, Excise & Service Tax Appellate Tribunal (CESTAT) |
| | | | 0.23 | 1995-1996 | Appellate Authority upto Commissioner's level |
| 2 | Sales Tax Laws | Sales Tax | 113.67 | 1997-1998, 2003-2009, 2015-2018 | Appellate Authority upto Commissioner's level |
| | | | 6.38 | 2003-2004 | Commercial Tax Appellate Board |
| 3 | Custom Act, 1962 | Custom Duty | 16.89 | 2004-2005, 2012-2013 | Customs, Excise & Service Tax Appellate Tribunal (CESTAT) |

* amounts are as per demand orders including penalty wherever quantified in the Order.

(viii) In our opinion and according to the information and explanations given to us, there are no transactions which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly reporting under paragraph 3(viii)(a) of the Order is not applicable to the Company.

(ix) (a) In our opinion and according to the information and explanations given to us by the Management, Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) In our opinion and according to the information and explanations given to us by the Management, Company is not declared as wilful defaulter by bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us by the Management, term loans were applied for the purpose for which the loans were obtained.

(d) In our opinion and according to the information and explanations given to us by the Management, funds raised on short term basis have not been utilised for long term purposes

(e) In our opinion and according to the information and explanations given to us by the Management, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) In our opinion and according to the information and explanations given to us by the Management, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) (a) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly reporting under paragraph 3(ix)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) As per information and explanations given to us, no fraud by the Company or on the Company been noticed or reported during the year nor have we been informed of any such case by the Management. Accordingly reporting under paragraph 3(xi)(a) of the Order is not applicable to the Company.

(b) As per information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government

(c) As represented to us by the management, there are no whistle blower complaints received by the company during the year

(xii) In our opinion and according to the information and explanations given to us, The Company is not a Nidhi Company and hence reporting under paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business

(b) We have considered the internal audit reports of the company issued till date, for the period under audit

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

- (xvi) (a) According to the information and explanations given to us, and based on our examination of the records of the Company, Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.
- (b) According to the information and explanations given to us, Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR)
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) In our opinion, and according to the information and explanation given to us, in the group no companies forming part of the promoter/promoter group of the Company which are CICs
- (xvii) According to the information and explanations given to us, Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Accordingly, reporting under paragraph 3(xviii) of the Order is not applicable.
- (xviii) There is no resignation of the statutory auditors during the year. Accordingly, reporting under paragraph 3(xviii) of the Order is not applicable.
- (xix) In our opinion and according to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, and our knowledge of the Board of Directors and management plans we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of

balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) There is no unspent amount which was required to be transferred to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the Companies act, Accordingly reporting under paragraph 3(xx)(a) of the Order is not applicable to the Company.
- (b) There is no unspent amount under sub-section (5) of Section 135 of Companies Act pursuant to any ongoing project which was required to be transferred to special account in compliance with sub-section (6) of Section 135 of the Companies Act. Accordingly reporting under paragraph 3(xx)(b) of the Order is not applicable to the Company.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/W100057

Place : Pune
Date : 27th May 2022

Suhas Deshpande
Partner
Membership No. : 031787
UDIN : 22031787AJVSU2170

Balance Sheet as at 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | Note No. | As at 31st March 2022 | As at 31st March 2021 |
|---|----------|-----------------------|-----------------------|
| I ASSETS | | | |
| 1. Non-current Assets | | | |
| (a) Property, Plant and Equipment | 3 | 1,56,885 | 1,01,272 |
| (b) Capital Work-in-progress | 3 | 15,565 | 36,873 |
| (c) Investment Property | 4 | 506 | 530 |
| (d) Other Intangible Assets | 5 | 45,912 | 20,549 |
| (e) Intangible Assets under development | 5 | 14,650 | 35,612 |
| (f) Financial Assets | | | |
| (i) Investments | 6 | 15,379 | 12,631 |
| (ii) Loans and Advances | 7 | 1,556 | 1,507 |
| (g) Deferred Tax Assets (Net) | 8 | 9,408 | 5,760 |
| (h) Other Non-current Assets | 9 | 7,846 | 23,477 |
| Total Non-current Assets | | 2,67,707 | 2,38,211 |
| 2. Current Assets | | | |
| (a) Inventories | 10 | 63,713 | 55,782 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 11 | 18,938 | 12,599 |
| (ii) Cash and Cash equivalents | 12 | 6,975 | 3,212 |
| (iii) Bank Balance other than (ii) above | 12 | 221 | 226 |
| (iv) Loans and Advances | 7 | 55 | 107 |
| (v) Other Financial Assets | 13 | 15 | 6,292 |
| (c) Current Tax Assets (Net) | 8 | 1,050 | 1,297 |
| (d) Other Current Assets | 9 | 11,127 | 8,097 |
| Total Current Assets | | 1,02,094 | 87,612 |
| Total Assets | | 3,69,801 | 3,25,823 |
| II EQUITY AND LIABILITIES | | | |
| 1. Equity | | | |
| (a) Equity Share Capital | 14 | 1,318 | 1,318 |
| (b) Other Equity | 15 | 1,77,376 | 1,84,730 |
| Total Equity | | 1,78,694 | 1,86,048 |
| 2. Liabilities | | | |
| Non-current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 16 | 60,055 | 49,378 |
| (b) Provisions | 18 | 2,691 | 2,951 |
| (c) Other Non-current Liabilities | 20 | 102 | 88 |
| Total Non-current Liabilities | | 62,848 | 52,417 |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 16 | 46,827 | 14,864 |
| (ii) Trade Payables | 19 | | |
| - Total outstanding dues of Micro and Small Enterprises | | 384 | 242 |
| - Total outstanding dues other than Micro and Small Enterprises | | 51,306 | 43,765 |
| (iii) Other Financial Liabilities | 17 | 6,272 | 4,599 |
| (b) Other Current Liabilities | 20 | 10,652 | 8,522 |
| (c) Provisions | 18 | 12,818 | 15,366 |
| Total Current Liabilities | | 1,28,259 | 87,358 |
| Total Liabilities | | 1,91,107 | 1,39,775 |
| Total Equity and Liabilities | | 3,69,801 | 3,25,823 |

See accompanying notes forming part of the Financial Statements

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As per our separate report of even date.

On behalf of the Board of Directors

 For **Kirtane & Pandit LLP**

 Chartered Accountants
 [FRN : 105215W/W100057]

Sanjay Kumar Bohra
 Chief Financial Officer

Abhaykumar Firodia

Chairman

Suhas Deshpande

 Partner
 Membership No. : 031787

Gaurav Deshmukh

Company Secretary

Place : Pune

Date : 27th May 2022

Place : Pune

Date : 27th May 2022

63rd Annual Report 2021-22

Statement of Profit and Loss for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | Note No. | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--|----------|------------------------------------|------------------------------------|
| I INCOME | | | |
| (a) Revenue from Operations | 21 | 3,24,004 | 1,98,782 |
| (b) Other Income | 22 | 5,188 | 2,489 |
| Total Income | | 3,29,192 | 2,01,271 |
| II EXPENSES | | | |
| (a) Cost of Materials consumed | | 2,58,143 | 1,52,036 |
| (b) Changes in Inventories of Finished Goods and Work-in-progress | 23 | 3,778 | (2,665) |
| (c) Employee benefits expense | 24 | 36,808 | 35,115 |
| (d) Finance costs | 25 | 4,104 | 2,822 |
| (e) Depreciation and Amortization expense | 26 | 19,094 | 17,367 |
| (f) Other expenses | 27 | 26,878 | 26,319 |
| (g) Expenditure included in the above items capitalised | | (8,278) | (13,296) |
| Total Expenses | | 3,40,527 | 2,17,698 |
| III Profit / (Loss) before exceptional items and tax | | (11,335) | (16,427) |
| IV Exceptional Items | | -- | -- |
| V Profit / (Loss) Before Tax | | (11,335) | (16,427) |
| VI Tax Expense | 8 | | |
| (a) Current Tax | | -- | -- |
| (b) Deferred Tax | | (3,874) | (5,241) |
| (c) Taxation in respect of earlier years | | (1) | -- |
| Total Tax Expense | | (3,875) | (5,241) |
| VII Profit / (Loss) for the year | | (7,460) | (11,186) |
| VIII Other Comprehensive Income | | | |
| (a) Items that will not be reclassified to Profit or Loss | | | |
| (i) Re-measurements of net defined benefit liability | | 477 | 271 |
| (ii) Equity instrument through Other Comprehensive Income | | 515 | 897 |
| | | 992 | 1,168 |
| (b) Income tax relating to items that will not be reclassified to Profit or Loss | | | |
| (i) Taxes on re-measurements of net defined benefit liability | | (167) | (94) |
| (ii) Taxes on Equity instrument through Other Comprehensive Income | | (60) | (93) |
| | | (227) | (187) |
| Total Other Comprehensive Income | | 765 | 981 |
| IX Total Comprehensive Income for the year [comprising Profit / (Loss) and Other Comprehensive Income for the year] | | (6,695) | (10,205) |
| X Basic and Diluted Earnings per Equity Share | 28 | (56.62) | (84.90) |
| [Nominal value per share ₹ 10/-] ₹ | | | |

See accompanying notes forming part of the Financial Statements 1-47

As per our separate report of even date.

For **Kirtane & Pandit LLP**
Chartered Accountants
[FRN : 105215W/W100057]

Suhas Deshpande
Partner
Membership No. : 031787

Place : Pune
Date : 27th May 2022

Sanjay Kumar Bohra
Chief Financial Officer

Gaurav Deshmukh
Company Secretary

Place : Pune
Date : 27th May 2022

On behalf of the Board of Directors

Abhaykumar Firodia
Chairman

Statement of Changes in Equity for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

A. Equity Share Capital

| | | | | |
|------------------------------|--|---------------------------------------|---|--------------------------------------|
| Balance as at 1st April 2020 | Changes in Equity Share Capital due to prior period errors | Restated balance as at 1st April 2020 | Changes in Equity Share Capital during the year | Balance as at 31st March 2021 |
| 1,318 | -- | 1,318 | -- | 1,318 |
| Balance as at 1st April 2021 | Changes in Equity Share Capital due to prior period errors | Restated balance as at 1st April 2021 | Changes in Equity Share Capital during the year | Balance as at 31st March 2022 |
| 1,318 | -- | 1,318 | -- | 1,318 |

B. Other Equity

| Particulars | Reserves and Surplus | | | Equity Instruments through Other Comprehensive Income | Total |
|---|----------------------|-----------------|-------------------|---|-----------------|
| | Securities Premium | General Reserve | Retained Earnings | | |
| Balance as at 1st April 2020 | 5,920 | 34,629 | 1,54,608 | 1,096 | 1,96,253 |
| Profit / (Loss) for the year | -- | -- | (11,186) | -- | (11,186) |
| Other Comprehensive Income (Net of tax) | -- | -- | 177 | 804 | 981 |
| Dividends | -- | -- | (1,318) | -- | (1,318) |
| Balance as at 31st March 2021 | 5,920 | 34,629 | 1,42,281 | 1,900 | 1,84,730 |
| Balance as at 1st April 2021 | 5,920 | 34,629 | 1,42,281 | 1,900 | 1,84,730 |
| Profit / (Loss) for the year | -- | -- | (7,460) | -- | (7,460) |
| Other Comprehensive Income (Net of tax) | -- | -- | 310 | 455 | 765 |
| Dividends | -- | -- | (659) | -- | (659) |
| Balance as at 31st March 2022 | 5,920 | 34,629 | 1,34,472 | 2,355 | 1,77,376 |

As per our separate report of even date.

 For **Kirtane & Pandit LLP**
 Chartered Accountants
 [FRN : 105215W/W100057]

Suhas Deshpande
 Partner
 Membership No. : 031787

 Place : Pune
 Date : 27th May 2022

Sanjay Kumar Bohra
 Chief Financial Officer

Gaurav Deshmukh
 Company Secretary

 Place : Pune
 Date : 27th May 2022

On behalf of the Board of Directors

Abhaykumar Firodia
 Chairman

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Statement of Cash Flows for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|---|------------------------------------|------------------------------------|
| A. Cash flow from Operating Activities | | |
| Profit / (Loss) before tax | (11,335) | (16,427) |
| Adjustments for | | |
| Depreciation and Amortization expense | 19,094 | 17,367 |
| Net exchange differences (unrealised) | (250) | (394) |
| Interest Income | (14) | (311) |
| Dividend income on Equity Securities | (7) | -- |
| Loss / (Gain) on disposal of Property, Plant and Equipment | (72) | 2,225 |
| Finance Costs | 4,104 | 2,822 |
| Inventory write down | 37 | 240 |
| Operating Profit before Working Capital adjustments | 11,557 | 5,522 |
| Working Capital adjustments | | |
| Increase / Decrease in | | |
| Trade Receivables | (6,340) | 4,337 |
| Inventories | (7,969) | (869) |
| Other Financial Assets | 7 | 96 |
| Other Non-financial Assets | (3,029) | (22) |
| Trade Payables | 7,612 | 1,048 |
| Financial Liabilities | (84) | 222 |
| Non-financial Liabilities | 2,144 | (8,180) |
| Provisions | (2,331) | (1,182) |
| Cash generated from Operations | 1,567 | 972 |
| Income Tax paid / Refund (Net) | 249 | (265) |
| Net Cash flow from / (used in) Operating Activities | 1,816 | 707 |
| B. Cash flow from Investing Activities | | |
| Payments for Property, Plant and Equipment and Intangible Assets | (40,721) | (45,324) |
| Proceeds from sale of Property, Plant and Equipment and Intangible Assets | 6,583 | 80 |
| Withdrawal of deposits from Financial Institution | -- | 13,500 |
| Interest received | 9 | 1,031 |
| Investments in Joint Venture | (2,234) | (2,550) |
| Dividends received | 7 | -- |
| Net Cash flow from / (used in) Investing Activities | (36,356) | (33,263) |
| C. Cash flow from Financing Activities | | |
| Proceeds from / Repayment of borrowings (Net) | 42,916 | 33,474 |
| Interest paid | (3,998) | (2,811) |
| Dividends paid | (659) | (1,318) |
| Net Cash flow from / (used in) Financing Activities | 38,259 | 29,345 |
| Net Increase / (Decrease) in Cash and Cash equivalents | 3,719 | (3,211) |
| Cash and Cash equivalents at beginning of the financial year | 3,192 | 6,403 |
| Cash and Cash equivalents at end of the financial year | 6,911 | 3,192 |
| Cash and Cash equivalents as per Note 12 | 6,975 | 3,212 |
| Effects of exchange rate fluctuations on Cash and Cash equivalents held | (64) | (20) |
| | 6,911 | 3,192 |

As per our separate report of even date.

For **Kirtane & Pandit LLP**

Chartered Accountants
[FRN : 105215W/W100057]

Suhas Deshpande

Partner
Membership No. : 031787

Place : Pune

Date : 27th May 2022

Sanjay Kumar Bohra
Chief Financial Officer

Gaurav Deshmukh

Company Secretary

Place : Pune

Date : 27th May 2022

On behalf of the Board of Directors

Abhaykumar Firodia

Chairman

Notes to Financial Statements for the year ended 31st March 2022
1. THE CORPORATE INFORMATION

Force Motors Limited ("**the Company**") is a Public Limited Company domiciled and incorporated in India. The Registered Office of the Company is situated at Mumbai-Pune Road, Akurdi, Pune - 411035. The Company's ordinary shares are listed on the Bombay Stock Exchange.

The Company is a fully, vertically integrated automobile company, with expertise in design, development and manufacture of the full spectrum of vehicles, automotive components and aggregates. Its range of products includes Light Commercial Vehicles (LCV), Multi-Utility Vehicles (MUV), Small Commercial Vehicles (SCV), Special Vehicles (SV) and Agricultural Tractors.

2. SIGNIFICANT ACCOUNTING POLICIES
(a) Statement of Compliance

The financial statements of the Company comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("**the Act**") [the Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(b) Basis of Preparation

The financial statements have been prepared on the historical cost basis, except certain financial instruments and defined benefit plans, which are measured at fair values.

(c) Revenue Recognition
(i) Sales

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of Value Added Taxes, Goods and Services Tax (GST), Returns, Discounts, Rebates and Incentives. The Company recognizes revenue, when it has transferred to the buyer the significant risks and rewards associated with the ownership of goods, no significant performance obligation is pending and the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

(ii) Other Incomes

Other incomes are recognized when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably.

(d) Inventories

Inventories are valued at lower of their cost or net realizable value. The cost of raw materials, stores and consumables is measured on moving weighted average basis.

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost or net realizable value. Cost is determined on the basis of the weighted average method.

Finished Goods and work-in-progress are carried at cost or net realizable value, whichever is lower.

Stores, spares and tools other than obsolete and slow moving items are carried at cost. Obsolete and slow moving items are valued at cost or estimated net realizable value, whichever is lower.

(e) Property, Plant and Equipment

Property, plant and equipment, except land, are carried at historical cost of acquisition, construction or manufacturing cost, as the case may be, less accumulated depreciation and amortization. Freehold land is carried at cost of acquisition.

Cost represents all expenses directly attributable to bringing the asset to its working condition capable of operating in the manner intended.

Costs incurred to manufacture property, plant and equipment and intangibles are reduced from the total expense under the head 'Expenditure included in above items capitalised' in the Statement of Profit and Loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at regular intervals and adjusted prospectively, if appropriate.

(f) Intangible Assets

Intangible Assets acquired are stated at acquisition cost, less accumulated amortization and impaired losses, if any.

Intangible Assets internally generated

Expenditure incurred by the Company on development of know-how researched, is recognized as an intangible asset, if and only if the future economic benefits attributable to the use of such know-how are probable to flow to the Company and the costs/expenditure can be measured reliably.

(g) Investment Property

Investment property is measured at cost less accumulated depreciation.

(h) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(i) Depreciation & Amortization
(i) Property, Plant and Equipment

- The Depreciation on Property, Plant and Equipment is provided on straight-line method and as per Schedule-II to the Companies Act, 2013.
- Leasehold land is amortized over the period of lease.

Notes to Financial Statements for the year ended 31st March 2022

- (ii) **Intangible Assets**
- Software and their implementation costs are written off over the period of 5 years.
 - Technical Know-how acquired and internally generated is amortized over the useful life of the assets, not exceeding 10 years.
- (j) **Borrowing Costs**
Cost of borrowings incurred for acquisition, construction or production of qualifying asset is capitalized.
- (k) **Research and Development Expenses**
Revenue expenditure on Research and Development is charged off as an expense in the year in which incurred and capital expenditure is grouped with Assets under appropriate heads and depreciation is provided as per rates applicable.
- (l) **Leases**
The Company has applied Ind AS-116 Leases from the accounting periods beginning from 1st April 2019 using the modified retrospective approach.
- (i) **Where the Company is the Lessee**
- The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
 - The right-of-use asset is subsequently depreciated using the straight-line method over the useful life of the right-of-use asset or the end of the lease term.
- Short-term leases and leases of low-value assets**
- The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.
- (ii) **Where the Company is the Lessor**
Lease rentals are recognized in the Statement of Profit and Loss. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss.
- (m) **Earnings per Share**
Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the period.
- (n) **Foreign currency transactions**
Transactions and balances
- (i) Foreign Currency transactions are recorded at the rate of exchange on the date of the transaction.
 - (ii) Monetary items of Assets and Liabilities booked in foreign currency are translated in to rupee at the exchange rate prevailing at the Balance Sheet date.
 - (iii) Exchange difference resulting from settlement of such transaction and from translation of monetary items of Assets and Liabilities are recognized in the Statement of Profit and Loss.
 - (iv) Exchange difference arising on translation of foreign currency liabilities for acquisition of Property, Plant and Equipments are adjusted to the Statement of Profit and Loss.
 - (v) The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance.
- (o) **Functional and presentation currency**
These financial statements are presented in Indian Rupees, which is the Company's functional currency. All amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs, unless otherwise stated.
- (p) **Employee Benefits**
Defined benefit plans
- (i) The accruing liability of Gratuity is covered by Employees Group Gratuity Scheme of Life Insurance Corporation of India (LIC) and the premium is accounted for in the year of accrual. The additional liability, if any, due to deficit in the Plan assets managed by LIC as compared to the present value of accrued liability on the basis of actuarial valuation, is recognized and provided for.
 - (ii) Provident fund contributions are made to Company's Provident Fund Trust. The contributions are accounted for as defined benefit plans and are recognized as employee benefits expense when they are due. Deficits, if any, of the fund as compared to liability on the basis of an independent actuarial valuation is to be additionally contributed by the Company.
 - (iii) Current service cost and net interest on defined benefit obligation are directly recognized in the Statement of Profit and Loss.
 - (iv) Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.
- Defined contribution plans**
- (i) The Company's superannuation scheme is a defined contribution plan. The contributions are recognized as employee benefit expense when they are due.
 - (ii) Benefits in respect of compensated absence payable after 12 months are provided for, based on valuation, as at the Balance Sheet date, made by independent actuaries.
 - (iii) Defined contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority and recognized as expense as and when due.

Notes to Financial Statements for the year ended 31st March 2022
(q) Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements. Deferred tax liabilities are recognized for all deductible temporary differences. Deferred tax assets are recognized to the extent it is probable that future taxable income will be available against which the deductible temporary differences could be utilized. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred taxes are recognized in profit or loss, except to the extent that it relate to the items that are recognized in other comprehensive income or directly in equity, in this case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

(r) Provisions and Contingent Liabilities
(i) Provision

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled as and when warranty claims will arise. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

(ii) Contingent liability

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

(s) Incentives

Incentives are disclosed as "Other Income", in the Financial Statements.

(t) Financial instruments
Equity investments at fair value through other comprehensive income

These include financial assets that are equity instruments and are irrevocably designated as such upon initial recognition. Subsequently, these are measured at fair value and changes therein are recognized directly in other comprehensive income, net of applicable income taxes.

Dividends from these equity investments are recognized in the Statement of Profit and Loss, when the right to receive payment has been established. When the equity investment is derecognized, the cumulative gain or loss in equity is transferred to retained earnings.

(u) Fair value measurement

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

- **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.

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

(v) Use of estimates and judgements

Detailed information about accounting judgements, estimates and assumption is included in the relevant notes.

- (i) Estimation of defined benefit obligation - refer Note 36.
- (ii) Estimation of provision for warranty claims - refer Note 18.
- (iii) Estimated useful life of property, plant and equipments - refer Note 2(i) (i) above.
- (iv) Estimated useful life of intangible assets - refer Note 2(i) (ii) above.
- (v) Estimation of provision for Tax expenses - refer 2(q) above.

Estimation and underlying assumptions are reviewed on ongoing basis. Revisions to estimates are recognized prospectively.

(w) Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below. The Company is evaluating the impact of these pronouncements on the financial statements.

- (i) Ind AS 103 - Reference to Conceptual Framework
- (ii) Ind AS 16 - Proceeds before intended use
- (iii) Ind AS 37 - Onerous Contracts - Costs of Fulfilling a Contract
- (iv) Ind AS 109 - Ind AS 109 Financial Instruments (Annual Improvements to Ind AS (2021))
- (v) Ind As 106 Exploration for and Evaluation of Mineral Resources (Annual Improvements to Ind AS (2021))

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

| Particulars | Land | | Buildings | Plant & Equipment | Furniture & Fixtures | Vehicles | Office Equipment | Aircrafts | Total | Capital Work-in-Progress |
|--------------------------------------|------------|--------------|---------------|-------------------|----------------------|--------------|------------------|--------------|-----------------|--------------------------|
| | Freehold | Leasehold | | | | | | | | |
| Gross carrying amount | | | | | | | | | | |
| Balance as at 1st April 2021 | 868 | 2,553 | 31,906 | 2,03,431 | 2,070 | 5,086 | 1,266 | 4,668 | 2,51,848 | 36,873 |
| Additions | -- | -- | 1,539 | 68,383 | 5 | 504 | 40 | -- | 70,471 | 6,730 |
| Disposals / Adjustments | -- | -- | -- | 626 | 3 | 371 | 8 | -- | 1,008 | 28,038 |
| Balance as at 31st March 2022 | 868 | 2,553 | 33,445 | 2,71,188 | 2,072 | 5,219 | 1,298 | 4,668 | 3,21,311 | 15,565 |
| Accumulated depreciation | | | | | | | | | | |
| Balance as at 1st April 2021 | -- | 155 | 11,058 | 1,33,239 | 1,243 | 2,703 | 966 | 1,212 | 1,50,576 | |
| Depreciation for the year | -- | 32 | 1,165 | 12,524 | 142 | 449 | 96 | 222 | 14,630 | |
| Disposals / Adjustments | -- | -- | -- | 609 | 1 | 164 | 6 | -- | 780 | |
| Balance as at 31st March 2022 | -- | 187 | 12,223 | 1,45,154 | 1,384 | 2,988 | 1,056 | 1,434 | 1,64,426 | |
| Carrying amounts (Net) | | | | | | | | | | |
| As at 31st March 2022 | 868 | 2,366 | 21,222 | 1,26,034 | 688 | 2,231 | 242 | 3,234 | 1,56,885 | 15,565 |
| As at 31st March 2021 | 868 | 2,398 | 20,848 | 70,192 | 827 | 2,383 | 300 | 3,456 | 1,01,272 | 36,873 |

Notes :

- Refer to Note 34 for Lease.
- Refer to Note 30(b) for disclosure of contractual commitments for the acquisition of Property, Plant & Equipment.
- Capital Work-in-progress mainly comprises Plant & Equipment.
- The Title Deeds of Immovable Properties are held in name of the Company.
- The Company has not revalued its Property, Plant and Equipment as at 31st March 2022.
- Please refer Note No. 5 (a) (i) for aging schedule of Capital Work-in-Progress.

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

4. INVESTMENT PROPERTY

| Particulars | Industrial Shed |
|--------------------------------------|-----------------|
| Gross carrying amount | |
| Balance as at 1st April 2021 | 794 |
| Additions | -- |
| Disposals / Adjustments | -- |
| Balance as at 31st March 2022 | 794 |
| Accumulated depreciation | |
| Balance as at 1st April 2021 | 264 |
| Depreciation for the year | 24 |
| Disposals / Adjustments | -- |
| Balance as at 31st March 2022 | 288 |
| Carrying amounts (Net) | |
| As at 31st March 2022 | 506 |
| As at 31st March 2021 | 530 |

Information regarding income and expenditure of Investment Property :

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|--|-----------------------|-----------------------|
| Rental income derived from investment property | -- | -- |
| Direct operating expenses (including repairs and maintenance) generating rental income | --* | --* |
| Income arising from investment property before depreciation and indirect expenses | --* | --* |
| Less : Depreciation | 24 | 24 |
| Income from investment property | (24) | (24) |

Leasing arrangements

The Company's investment property consists of industrial property situated at Chakan. Refer Note 34 (a).

Fair Value

The Company's investment property is at a location where active market is available for similar kind of properties. Hence, fair value is ascertained on the basis of market rates prevailing for similar properties in those location, instead of valuation by a registered valuer, and consequently classified as a Level-2 valuation.

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|---------------------|-----------------------|-----------------------|
| Industrial Property | 2,902 | 2,902 |

Reconciliation of fair value

| Particulars | Industrial Property |
|--------------------------------------|---------------------|
| Balance as at 1st April 2021 | 2,902 |
| Change in fair value | -- |
| Balance as at 31st March 2022 | 2,902 |

--* Denotes amount less than ₹ 50,000/-

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

5. INTANGIBLE ASSETS

| Particulars | Software | Technical Know-how acquired | Technical Know-how acquired upto 1st April 2003 | Technical Know-how internally generated | Total | Intangible Assets under development |
|--------------------------------------|--------------|-----------------------------|---|---|---------------|-------------------------------------|
| Gross carrying amount | | | | | | |
| Balance as at 1st April 2021 | 5,143 | 6,049 | 822 | 27,639 | 39,653 | 35,612 |
| Additions | 100 | 5,804 | -- | 23,899 | 29,803 | 2,815 |
| Disposals / Adjustments | -- | -- | -- | -- | -- | 23,777 |
| Balance as at 31st March 2022 | 5,243 | 11,853 | 822 | 51,538 | 69,456 | 14,650 |
| Accumulated amortization | | | | | | |
| Balance as at 1st April 2021 | 4,277 | 5,033 | 822 | 8,972 | 19,104 | |
| Amortization for the year | 422 | 563 | -- | 3,455 | 4,440 | |
| Disposals / Adjustments | -- | -- | -- | -- | -- | |
| Balance as at 31st March 2022 | 4,699 | 5,596 | 822 | 12,427 | 23,544 | |
| Carrying amounts (Net) | | | | | | |
| As at 31st March 2022 | 544 | 6,257 | -- | 39,111 | 45,912 | 14,650 |
| As at 31st March 2021 | 866 | 1,016 | -- | 18,667 | 20,549 | 35,612 |

- Notes :** (a) Intangible Assets under development mainly comprises internally generated technical know-how.
 (b) The Company has not revalued its Intangible Assets as at 31st March 2022.
 (c) Please refer Note No. 5 (a) (ii) for aging schedule of Intangible Assets under Development.

5. (a) Aging Schedule for Capital Work in Progress (CWIP) and Intangible Assets under Development :
(i) Aging Schedule of Capital Work in Progress :

| Sr. No. | CWIP | Amount in CWIP for a period of | | | | Total |
|---------|---------------------------------------|--------------------------------|-----------|-----------|-----------|--------|
| | | < 1 year | 1-2 years | 2-3 years | > 3 years | |
| 1 | Projects in progress as at 31.03.2022 | 6,780 | 732 | 245 | 7,808 | 15,565 |
| 2 | Projects in progress as at 31.03.2021 | 22,323 | 2,231 | 4,065 | 8,254 | 36,873 |

(ii) Aging Schedule of Intangible Assets under development :

| Sr. No. | Intangible Assets under development | Amount in CWIP for a period of | | | | Total |
|---------|---------------------------------------|--------------------------------|-----------|-----------|-----------|--------|
| | | < 1 year | 1-2 years | 2-3 years | > 3 years | |
| 1 | Projects in progress as at 31.03.2022 | 2,842 | 3,343 | 2,826 | 5,639 | 14,650 |
| 2 | Projects in progress as at 31.03.2021 | 8,887 | 11,119 | 4,718 | 10,888 | 35,612 |

6. FINANCIAL ASSETS : INVESTMENTS (NON-CURRENT)

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| A. Investments at Fair Value through Other Comprehensive Income (FVTOCI) | | |
| (a) Unquoted Equity Shares (fully paid) | | |
| (i) 1 (31st March 2021 : 1) Equity Share of ₹ 10/-, fully paid in MAN Truck & Bus India Pvt. Ltd. | --* | --* |
| (ii) 50,000 (31st March 2021 : 50,000) Equity Share of ₹ 10/-, fully paid in Pithampur Auto Cluster Ltd. | 5 | 5 |
| (iii) 5 (31st March 2021 : 5) Equity Shares of ₹ 50/- each, fully paid in Mittal Tower Premises Co-operative Society Ltd. | --* | --* |
| (b) Quoted Equity Shares (fully paid) | | |
| 3,47,187 (31st March 2021 : 3,47,187) Equity Shares of ₹ 2/- each, fully paid in ICICI Bank Ltd. | 2,535 | 2,021 |
| Total FVTOCI Investments | 2,540 | 2,026 |

--* Denotes amount less than ₹ 50,000/-

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

| | <u>As at 31st March 2022</u> | <u>As at 31st March 2021</u> |
|--|----------------------------------|----------------------------------|
| B. Investment at Cost | | |
| Unquoted Equity Shares (fully paid) | | |
| (a) In Subsidiary | | |
| 8,80,200 (31st March 2021 : 8,80,200) Equity Shares of ₹ 10/- each, fully paid in Tempo Finance (West) Pvt. Ltd. | 89 | 89 |
| (b) In Joint Venture | | |
| 12,75,00,000 (31st March 2021 : 10,51,62,000) Equity Shares of ₹ 10/- each, fully paid in Force MTU Power Systems Pvt. Ltd. | 12,750 | 10,516 |
| Total Investment at Cost | <u>12,839</u> | <u>10,605</u> |
| Total Investments | <u>15,379</u> | <u>12,631</u> |
| Aggregate book value of quoted investments | 2,535 | 2,021 |
| Aggregate market value of quoted investments | 2,535 | 2,021 |
| Aggregate value of unquoted investments | 12,844 | 10,610 |
| Aggregate amount of impairment in the value of investments | -- | -- |

The fair value of the investments in unquoted equity shares have been estimated using valuation technique which approximates its carrying value.

For determination of fair values of quoted equity investments, the investments classified as FVTOCI. Refer Note 37.

Investments in subsidiary and joint venture is accounted at cost in accordance with "Ind AS 27" Separate financial statements.

7. FINANCIAL ASSETS : LOANS AND ADVANCES

| | <u>As at 31st March 2022</u> | <u>As at 31st March 2021</u> |
|--|----------------------------------|----------------------------------|
| Non-current | | |
| (a) Security Deposits | | |
| (i) Considered Good - Unsecured | 1,555 | 1,505 |
| (ii) Which have significant increase in Credit Risk (Doubtful) | -- | -- |
| (b) Other Loans and Advances | | |
| (i) Considered Good - Unsecured | 1 | 2 |
| (ii) Which have significant increase in Credit Risk (Doubtful) | -- | -- |
| | <u>1</u> | <u>2</u> |
| Less : Allowances for expected credit losses | -- | -- |
| | <u>1</u> | <u>2</u> |
| Total Non-current Loans and Advances | <u>1,556</u> | <u>1,507</u> |
| Current | | |
| (a) Security Deposits | | |
| Considered Good - Unsecured | 45 | 45 |
| (b) Other Loans and Advances | | |
| (i) Considered Good - Unsecured | 10 | 62 |
| (ii) Credit impaired (Doubtful) | -- | -- |
| Total Current Loans and Advances | <u>55</u> | <u>107</u> |
| Total Loans and Advances | <u>1,611</u> | <u>1,614</u> |

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

8. CURRENT AND DEFERRED TAX

| | <u>As at 31st March 2022</u> | <u>As at 31st March 2021</u> |
|--|----------------------------------|----------------------------------|
| A. Statement of Profit or Loss | | |
| (a) Current Tax | | |
| (i) Current Income Tax charge | -- | -- |
| (ii) Taxation in respect of earlier years | (1) | -- |
| (b) Deferred Tax | | |
| Relating to origination and reversal of temporary differences | (3,874) | (5,241) |
| Income Tax expense reported in the Statement of Profit or Loss | <u>(3,875)</u> | <u>(5,241)</u> |
| (c) Other Comprehensive Income (OCI) | | |
| Deferred Tax related to items recognized in OCI during the year | | |
| (i) Re-measurements on defined benefit plan | (167) | (94) |
| (ii) Quoted Equity Instruments | (60) | (93) |
| Income Tax recognized in OCI | <u>(227)</u> | <u>(187)</u> |
| B. Balance Sheet | | |
| | <u>As at 31st March 2022</u> | <u>As at 31st March 2021</u> |
| (a) Current Tax Assets | | |
| Advance Income Tax | 1,050 | 1,297 |
| Total Current Tax Assets (Net) | <u>1,050</u> | <u>1,297</u> |
| (b) Current Tax Liabilities | | |
| Provision for Income Tax | -- | -- |
| Total Current Tax Liabilities (Net) | <u>--</u> | <u>--</u> |
| (c) Deferred Tax | | |
| (i) Deferred Tax Assets (DTA) | 42,689 | 31,381 |
| (ii) Deferred Tax Liabilities (DTL) | (33,281) | (25,621) |
| Net Deferred Tax Assets / (Liabilities) | <u>9,408</u> | <u>5,760</u> |

Reconciliation of tax expense and the accounting profit for the year ended 31st March 2022 and 31st March 2021

| | <u>As at 31st March 2022</u> | <u>As at 31st March 2021</u> |
|--|----------------------------------|----------------------------------|
| Accounting Profit / (Loss) Before Tax | (11,335) | (16,427) |
| (a) Tax as per Income Tax Act | (3,961) | (5,740) |
| (b) Tax Expense | | |
| (i) Current Tax | -- | -- |
| (ii) Deferred Tax | (3,874) | (5,241) |
| (iii) Taxation in respect of earlier years | (1) | -- |
| Total Tax Expense | <u>(3,875)</u> | <u>(5,241)</u> |
| (c) Difference (a) - (b) | (86) | (499) |
| (d) Tax Reconciliation | | |
| (i) Permanent Dis-allowances | (49) | (474) |
| (ii) Allowances and accelerated deductions | (38) | (25) |
| (iii) MAT credit | -- | -- |
| (iv) Taxation in respect of earlier years | 1 | -- |
| Total | <u>(86)</u> | <u>(499)</u> |

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

Deferred Tax Assets and Liabilities are as follows :

| | Balance Sheet | |
|---|----------------------------------|----------------------------------|
| | As at 31st March 2022 | As at 31st March 2021 |
| Deferred Tax Assets / (Liabilities) in relation to | | |
| Deferred Tax relates to the following : DTA / (DTL) | | |
| (a) Property, Plant and Equipment | (33,124) | (25,521) |
| (b) Provision for doubtful advances | 52 | 52 |
| (c) Dis-allowance u/s 43B of the Income Tax Act | 1,563 | 1,686 |
| (d) Prepaid taxes claimed u/s 43B | (4) | (7) |
| (e) Carry forward Income tax loss | 22,434 | 11,001 |
| (f) MAT credit entitlement | 18,640 | 18,640 |
| (g) Quoted Equity Instrument through Other Comprehensive Income | (153) | (93) |
| (h) Unquoted Equity Instrument through Other Comprehensive Income | -- | 2 |
| Net Deferred Tax Assets / (Liabilities) | 9,408 | 5,760 |

Significant components of net Deferred Tax Assets and Liabilities for the year ended 31st March 2022 are as follows :

| Movement in temporary differences | As at 1st April 2021 | Recognized in profit or loss during 2021-22 | Recognized in Other Comprehensive Income during 2021-22 | As at 31st March 2022 |
|---|-------------------------------------|--|--|--------------------------------------|
| Property, Plant and Equipment | (25,521) | (7,603) | -- | (33,124) |
| Provision for doubtful advances | 52 | -- | -- | 52 |
| Dis-allowance u/s 43B of the Income Tax Act | 1,686 | 44 | (167) | 1,563 |
| Prepaid taxes claimed u/s 43B | (7) | 3 | -- | (4) |
| Carry forward Income tax loss | 11,001 | 11,433 | -- | 22,434 |
| MAT credit entitlement | 18,640 | -- | -- | 18,640 |
| Quoted Equity Instrument through Other Comprehensive Income | (93) | -- | (60) | (153) |
| Unquoted Equity Instrument through Other Comprehensive Income | 2 | (2) | -- | -- |
| | 5,760 | 3,874 | (227) | 9,408 |

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

9. OTHER ASSETS

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| Non-current | | |
| (a) Capital Advances | | |
| Considered Good - Unsecured | 7,846 | 23,477 |
| Total Non-current Other Assets | 7,846 | 23,477 |
| Current | | |
| (a) Advances recoverable in cash or kind (includes Govt. Incentives, Taxes, Refunds, etc.) | | |
| (i) Considered Good - Unsecured | 10,558 | 8,097 |
| (ii) Doubtful | 108 | 108 |
| | 10,666 | 8,205 |
| Less : Provision for doubtful advances | 108 | 108 |
| | 10,558 | 8,097 |
| (b) Gratuity Asset (Refer Note No. 36) (excess of funded value over liability) | 569 | -- |
| Total Current Other Assets | 11,127 | 8,097 |
| Total Other Assets | 18,973 | 31,574 |

10. INVENTORIES (CURRENT)

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| (a) Raw Materials and Components* | 46,822 | 35,121 |
| (b) Finished goods | 7,414 | 12,688 |
| (c) Work-in-progress | 6,722 | 5,226 |
| (d) Stores and spares | 2,755 | 2,747 |
| * [Include Goods in transit : ₹ 14,662 Lakhs (31st March 2021 : ₹ 10,144 Lakhs)] | | |
| Total Inventories | 63,713 | 55,782 |

The write-down of inventories to net realisable value during the year amounted to ₹ 37 Lakhs (31st March 2021 : ₹ 240 Lakhs). The write-down are included in the cost of material consumed or changes in inventories of finished goods and work-in-progress.

11. TRADE RECEIVABLES (CURRENT)

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| (a) Considered Good - Unsecured | 18,938 | 12,599 |
| (b) Which have significant increase in Credit Risk (Doubtful) | 40 | 40 |
| | 18,978 | 12,639 |
| Less : Provision for Doubtful Receivables | 40 | 40 |
| Total Trade Receivables (Refer Note No. 11 (a) for aging schedule) | 18,938 | 12,599 |

Trade Receivables are not credit impaired.

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

Note No. 11 (a) : Trade Receivables aging schedule :

| As on 31st March 2022 | | | | | | | | | | | | |
|-----------------------|---|------------------------------------|--------------------------------|---------------|--|-------------------------|------------------|------------------|----------------|---------------------------------|--|--|
| Sr. No. | Particulars | Total Receivables 1 = 2 + 3 + 9 | Unbilled (net of advance) 2 | Not due 3 | Outstanding for following periods from due date of payment | | | | | Total Outstanding 9 = 4 to 8 | | |
| | | | | | < 6 months 4 | 6 months to 1 year 5 | 1 - 2 years 6 | 2 - 3 years 7 | > 3 years 8 | | | |
| (a) | Undisputed Trade Receivables | | | | | | | | | | | |
| | (i) considered good | 18,938 | 2,464 | 11,331 | 3,308 | 506 | 872 | 172 | 285 | 5,143 | | |
| | (ii) which have significant increase in credit risk | 40 | -- | -- | -- | -- | -- | -- | 40 | 40 | | |
| | (iii) credit impaired | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| (b) | Disputed Trade Receivables | | | | | | | | | | | |
| | (i) considered good | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| | (ii) which have significant increase in credit risk | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| | (iii) credit impaired | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| | Sub Total | 18,978 | 2,464 | 11,331 | 3,308 | 506 | 872 | 172 | 325 | 5,183 | | |
| | Less: Provision for doubtful debts | 40 | -- | -- | -- | -- | -- | -- | 40 | 40 | | |
| | Total Trade Receivables | 18,938 | 2,464 | 11,331 | 3,308 | 506 | 872 | 172 | 285 | 5,143 | | |

| As on 31st March 2021 | | | | | | | | | | | | |
|-----------------------|---|------------------------------------|--------------------------------|--------------|--|-------------------------|------------------|------------------|----------------|---------------------------------|--|--|
| Sr. No. | Particulars | Total Receivables 1 = 2 + 3 + 9 | Unbilled (net of advance) 2 | Not due 3 | Outstanding for following periods from due date of payment | | | | | Total Outstanding 9 = 4 to 8 | | |
| | | | | | < 6 months 4 | 6 months to 1 year 5 | 1 - 2 years 6 | 2 - 3 years 7 | > 3 years 8 | | | |
| (a) | Undisputed Trade Receivables | | | | | | | | | | | |
| | (i) considered good | 12,599 | -- | 5,157 | 6,296 | 665 | 194 | 36 | 251 | 7,442 | | |
| | (ii) which have significant increase in credit risk | 40 | -- | -- | -- | -- | -- | -- | 40 | 40 | | |
| | (iii) credit impaired | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| (b) | Disputed Trade Receivables | | | | | | | | | | | |
| | (i) considered good | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| | (ii) which have significant increase in credit risk | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| | (iii) credit impaired | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| | Sub Total | 12,639 | -- | 5,157 | 6,296 | 665 | 194 | 36 | 291 | 7,482 | | |
| | Less: Provision for doubtful debts | 40 | -- | -- | -- | -- | -- | -- | 40 | 40 | | |
| | Total Trade Receivables | 12,599 | -- | 5,157 | 6,296 | 665 | 194 | 36 | 251 | 7,442 | | |

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

12. CASH AND CASH EQUIVALENTS (CURRENT)

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| (a) Cash and Cash equivalents | | |
| (i) Balances with Banks | 6,970 | 3,208 |
| (ii) Cheques on hand | --* | -- |
| (iii) Cash on hand | 5 | 4 |
| | 6,975 | 3,212 |
| (b) Other Bank balances | | |
| (i) Unpaid Dividend Accounts | 61 | 62 |
| (ii) Margin money and Security deposit | 160 | 164 |
| | 221 | 226 |
| Total Cash and Cash equivalents | 7,196 | 3,438 |

13. OTHER FINANCIAL ASSETS (CURRENT)

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| (a) Interest accrued on deposits | 15 | 9 |
| (b) Receivables against sale of Capital Goods | -- | 6,283 |
| Total Other Financial Assets | 15 | 6,292 |

--* Denotes amount less than ₹ 50,000/-

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

14. EQUITY SHARE CAPITAL

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| Authorised | | |
| 2,00,00,000 (31st March 2021 : 2,00,00,000) Equity Shares of ₹10/- each | 2,000 | 2,000 |
| Issued | | |
| 1,32,13,802 (31st March 2021 : 1,32,13,802) Equity Shares of ₹10/- each | 1,321 | 1,321 |
| Subscribed and Paid-up | | |
| 1,31,76,262 (31st March 2021 : 1,31,76,262) Equity Shares of ₹10/- each fully paid up | 1,318 | 1,318 |
| [of the above 2,00,918 (31st March 2021 : 2,00,918) Equity Shares are allotted as fully paid shares pursuant to a contract without payment being received in cash and 57,29,934 (31st March 2021 : 57,29,934) Equity Shares are allotted as fully paid Bonus Shares by capitalisation of reserves] | | |
| [These allotments were made before earlier financial year and not in the period of five years preceding 31st March 2022 or 31st March 2021]. | | |
| Add: Amount paid for Forfeited shares | --* | --* |
| Total Equity Share Capital | 1,318 | 1,318 |

Note : Offer on Rights basis for 17,932 (31st March 2021 : 17,932) Equity Shares of ₹ 10/- each is kept in abeyance as per the provisions of Section 126 of the Act.

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period (Equity Shares of ₹ 10/- each) :

| Particulars | As at 31st March 2022 | | As at 31st March 2021 | |
|---|-----------------------|--------|-----------------------|--------|
| | Number | Amount | Number | Amount |
| Shares outstanding at the beginning of the year | 1,31,76,262 | 1,318 | 1,31,76,262 | 1,318 |
| Issued/ Reduction during the year | -- | -- | -- | -- |
| Shares outstanding at the end of the year | 1,31,76,262 | 1,318 | 1,31,76,262 | 1,318 |

(b) Terms / rights attached to Equity Shares

The Company has issued equity shares. All equity shares issued rank pari-passu in respect of distribution of dividend and repayment of capital. 1,30,32,914 Equity Shares are quoted equity shares with no restriction on transfer of shares. 27,600 Equity Shares are 'A' equity shares, which are transferrable only to permanent employees of the Company. 1,15,748 Equity Shares are Second 'A' equity shares which are transferrable to permanent employees, who have put in five years of service with the Company.

(c) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

The Company is a subsidiary of Jaya Hind Industries Private Limited (earlier known as Jaya Hind Industries Limited), which holds 57.38% (31st March 2021 : 57.38%), 75,59,928 (31st March 2021 : 75,59,928) shares in the Company.

(e) Details of shareholder holding more than 5% shares

| Name of Shareholder | As at 31st March 2022 | | As at 31st March 2021 | |
|--------------------------------------|--|--------------|---|--------------|
| | No. of Shares of ₹10/- each fully paid | % of Holding | No. of Shares of ₹ 10/- each fully paid | % of Holding |
| Jaya Hind Industries Private Limited | 75,59,928 | 57.38% | 75,59,928 | 57.38% |

(f) Shareholding of Promoters

| Sr. No. | Promoter Name | Shares held by Promoters at the end of the year | | | | % change during the year ended 31st March 2022 |
|---------|--------------------------------|---|-------------------|-----------------------|-------------------|--|
| | | As at 31st March 2022 | | As at 31st March 2021 | | |
| | | No. of shares | % of total shares | No. of shares | % of total shares | |
| 1. | Jaya Hind Industries Pvt. Ltd. | 75,59,928 | 57.38% | 75,59,928 | 57.38% | -- |
| 2. | Mr. Abhaykumar Firodia | 2,64,351 | 2.01% | 2,64,351 | 2.01% | -- |
| 3. | Mr. Prasan Firodia | 2,20,763 | 1.68% | 2,20,763 | 1.68% | -- |

--* Denotes amount less than ₹ 50,000/-

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

15. OTHER EQUITY

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| I. Reserves and Surplus | | |
| (a) Securities Premium | 5,920 | 5,920 |
| (b) General Reserve | 34,629 | 34,629 |
| (c) Retained Earnings | | |
| (i) Opening balance | 1,42,281 | 1,54,608 |
| (ii) Net Profit / (Loss) for the year | (7,460) | (11,186) |
| (iii) Comprehensive income for the year | 310 | 177 |
| | <u>1,35,131</u> | <u>1,43,599</u> |
| Adjustments | | |
| Equity Dividend | 659 | 1,318 |
| | <u>659</u> | <u>1,318</u> |
| Closing Balance | <u>1,34,472</u> | <u>1,42,281</u> |
| II. Equity instruments through Other Comprehensive Income | | |
| Opening Balance | 1,900 | 1,096 |
| Adjustments | | |
| FVTOCI Equity Investments - change in fair value | 455 | 804 |
| Closing Balance | <u>2,355</u> | <u>1,900</u> |
| Total Other Equity | <u>1,77,376</u> | <u>1,84,730</u> |

- **Securities Premium** : The amount received in excess of face value of the equity shares is recognized in Securities Premium Account.
- **General Reserve** : General Reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed / utilised by the Company in accordance with the Companies Act, 2013.
- **Retained Earnings** : Retained earnings are the profits that the Company has earned till date.

16. FINANCIAL LIABILITIES : BORROWINGS

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| Non-current | | |
| (a) Loans from Bank (Secured) | 47,388 | 30,378 |
| (b) Non-convertible Debentures (Secured) | 12,667 | 19,000 |
| Total Non-current Borrowings | <u>60,055</u> | <u>49,378</u> |
| Current | | |
| (a) Loans repayable on demand | | |
| Working Capital Loan from Banks (Secured) | 6,000 | 3,000 |
| (b) Loans and advances from related parties (Inter Corporate Deposits) | 15,000 | -- |
| (c) Current maturities of Non-current Borrowings | | |
| (i) Loans from Bank (Secured) | 19,494 | 11,864 |
| (ii) Non-convertible Debentures (Secured) | 6,333 | -- |
| Total Current maturities of Non-current Borrowings | <u>25,827</u> | <u>11,864</u> |
| Total Current Borrowings | <u>46,827</u> | <u>14,864</u> |
| Total Borrowings [Refer Note 38(b) for maturity pattern of Borrowings] | <u>1,06,882</u> | <u>64,242</u> |

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

- **Term Loans** are secured by hypothecation, by way of exclusive first charge on specific Plant and Machinery, being movable properties, secured as a continuing security for the repayment of Term Loans together with interest. The term loans are repayable in quarterly installments over a period upto six years, including moratorium.
- **Non-Convertible Debentures** : The Company has issued 190, 5.85% Secured unlisted rated redeemable non-convertible debentures of ₹100 Lakhs each, total amounting to ₹ 19,000 Lakhs on 15th February 2021. The debentures are secured by way of first ranking exclusive charge over the specific movable fixed assets. The debentures are redeemable over a period of four years (including moratorium) starting from 15th May 2022.
- **Working Capital Loans** are secured by hypothecation of Company's stock of raw materials, work-in-progress, finished goods, consumable stores, spares, bills receivable and book debts, both present and future. The Fund Based Limits are payable on demand to the Banks.
- **Inter corporate deposits** from holding company are unsecured.
- The Company has used the borrowed funds for the specific purpose for which it was taken as at the balance sheet date.
- The quarterly returns or statements, of current assets, filed by the Company with Banks or financial institutions are in agreement with the Books of accounts of the Company.

17. OTHER FINANCIAL LIABILITIES

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| Current | | |
| (a) Deposits matured but not claimed | 1 | 2 |
| (b) Interest on Borrowings | | |
| (i) Accrued but not due on Loans | 300 | 194 |
| (ii) Accrued but not due on NCD | 137 | 137 |
| (iii) Accrued and due on unclaimed deposits | --* | --* |
| (c) Unclaimed dividend | 61 | 62 |
| (d) Creditors for Capital Goods | 5,166 | 3,513 |
| (e) Security deposits | 272 | 279 |
| (f) Other payables | 335 | 412 |
| Total Current Other Financial Liabilities | 6,272 | 4,599 |

18. PROVISIONS

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| Non-current | | |
| (a) Provision for Employee benefits (Refer Note 36) | 2,653 | 2,923 |
| (b) Provision for Product Warranties | 38 | 28 |
| Total Non-current Provisions | 2,691 | 2,951 |
| Current | | |
| (a) Provision for Employee benefits (Refer Note 36) | 676 | 816 |
| (b) Provision for Product Warranties | 191 | 163 |
| (c) Provision for Other expenses | 11,951 | 14,387 |
| Total Current Provisions | 12,818 | 15,366 |
| Total Provisions | 15,509 | 18,317 |

The provision for warranties is based on the estimates made from the technical evaluation and historical data.

--* Denotes amount less than ₹ 50,000/-

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

Movement in Product Warranties

| | As at 31st March 2022 | As at 31st March 2021 |
|---|----------------------------------|--------------------------|
| Product Warranties | | |
| (a) Opening balance | 191 | 324 |
| (b) Additional provision made during the year | 191 | 140 |
| (c) Amount paid during the year | (140) | (205) |
| (d) Amount written back | (13) | (68) |
| Closing balance | 229 | 191 |

19. TRADE PAYABLES

| | As at 31st March 2022 | As at 31st March 2021 |
|---|----------------------------------|--------------------------|
| (a) Total outstanding dues of Micro and Small Enterprises | 384 | 242 |
| (b) Total outstanding dues other than Micro and Small Enterprises | 51,306 | 43,765 |
| Total Trade Payables | 51,690 | 44,007 |

Trade Payables aging Schedule :

| As on 31st March 2022 | | | | | | |
|------------------------------|---------------|--|-----------|-----------|------------|---------------|
| Particulars | Not due | Outstanding for following periods from due date of payment | | | | Total |
| | | < 1 year | 1-2 years | 2-3 years | > 3 years | |
| (a) MSME | 344 | -- | -- | -- | -- | 344 |
| (b) Others | 42,767 | 8,294 | 41 | 12 | 192 | 51,306 |
| (c) Disputed dues - MSME | -- | -- | -- | -- | 40 | 40 |
| (d) Disputed dues - Others | -- | -- | -- | -- | -- | -- |
| TOTAL | 43,111 | 8,294 | 41 | 12 | 232 | 51,690 |

| As on 31st March 2021 | | | | | | |
|------------------------------|---------------|--|------------|------------|------------|---------------|
| Particulars | Not due | Outstanding for following periods from due date of payment | | | | Total |
| | | < 1 year | 1-2 years | 2-3 years | > 3 years | |
| (a) MSME | 202 | -- | -- | -- | -- | 202 |
| (b) Others | 12,869 | 30,335 | 211 | 131 | 219 | 43,765 |
| (c) Disputed dues - MSME | -- | -- | -- | -- | 40 | 40 |
| (d) Disputed dues - Others | -- | -- | -- | -- | -- | -- |
| TOTAL | 13,071 | 30,335 | 211 | 131 | 259 | 44,007 |

Refer Note No. 31 for disputed dues.

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

20. OTHER LIABILITIES

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| Non-current | | |
| Service Coupon Liability | 102 | 88 |
| Total Non-current Other Liabilities | 102 | 88 |
| Current | | |
| (a) Advances against order and deposits | 8,381 | 6,133 |
| (b) Statutory dues | 1,936 | 2,147 |
| (c) Service Coupon Liability | 335 | 242 |
| Total Current Other Liabilities | 10,652 | 8,522 |
| Total Other Liabilities | 10,754 | 8,610 |

Movement in Service Coupon Liability

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| Free Service Coupons | | |
| (a) Opening balance | 330 | 543 |
| (b) Additional provisions made during the year | 381 | 425 |
| (c) Amount paid during the year | (237) | (638) |
| (d) Amount written back | (37) | -- |
| Closing balance | 437 | 330 |

21. REVENUE FROM OPERATIONS

| | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| (a) Sale of Products | 3,20,726 | 1,95,187 |
| (b) Other Operating Revenue | | |
| (i) Service charges | 276 | 330 |
| (ii) Others | 3,002 | 3,265 |
| Total Revenue from Operations | 3,24,004 | 1,98,782 |

22. OTHER INCOME

| | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--|---------------------------------------|---------------------------------------|
| (a) Interest income | 185 | 429 |
| (b) Dividend income from Equity Investments designated at FVTOCI | 7 | -- |
| (c) Gain on Exchange fluctuation (Net) | 1,999 | 272 |
| (d) Lease / Rental income | 463 | 439 |
| (e) Profit on sale of assets | 72 | 96 |
| (f) Others | 2,462 | 1,253 |
| Total Other Income | 5,188 | 2,489 |

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

23. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

| | <u>For the year ended 31st March 2022</u> | <u>For the year ended 31st March 2021</u> |
|--|---|---|
| Opening Stock | | |
| (a) Finished Goods | 12,688 | 9,527 |
| (b) Work-in- progress | 5,226 | 5,722 |
| | <u>17,914</u> | <u>15,249</u> |
| Closing Stock | | |
| (a) Finished Goods | 7,414 | 12,688 |
| (b) Work-in- progress | 6,722 | 5,226 |
| | <u>14,136</u> | <u>17,914</u> |
| Total Changes in Inventories of Finished Goods and Work-in-progress | <u>3,778</u> | <u>(2,665)</u> |

24. EMPLOYEE BENEFITS EXPENSE

| | <u>For the year ended 31st March 2022</u> | <u>For the year ended 31st March 2021</u> |
|--|---|---|
| (a) Salaries, Wages and Bonus | 33,287 | 31,813 |
| (b) Contribution to Provident, Other Funds and Schemes | 2,561 | 2,495 |
| (c) Staff welfare expenses | 960 | 807 |
| Total Employee Benefits Expense | <u>36,808</u> | <u>35,115</u> |

25. FINANCE COSTS

| | <u>For the year ended 31st March 2022</u> | <u>For the year ended 31st March 2021</u> |
|--|---|---|
| (a) Interest expense | 4,074 | 2,761 |
| (b) Other borrowing costs | 30 | 39 |
| (c) Net interest cost on net defined benefit obligations | -- | 22 |
| Total Finance Costs | <u>4,104</u> | <u>2,822</u> |

Borrowing cost of ₹ 782 lakhs, (31st March 2021 : ₹ 307 lakhs) at the actual borrowing rates, has been capitalised during the current financial year.

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

26. DEPRECIATION AND AMORTIZATION EXPENSE

| | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--|---|---|
| (a) Depreciation of Property, Plant and Equipment | 14,630 | 12,964 |
| (b) Amortization of Intangible Assets | 4,440 | 4,379 |
| (c) Depreciation on Investment Property | 24 | 24 |
| Total Depreciation and Amortization Expense | 19,094 | 17,367 |

27. OTHER EXPENSES

| | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--|---|---|
| (a) Consumption of Stores and Spares | 6,047 | 4,485 |
| (b) Fabrication and Processing charges | 842 | 744 |
| (c) Power and Fuel | 4,250 | 3,522 |
| (d) Forwarding charges | 2,543 | 1,493 |
| (e) Lease / Rent | 275 | 276 |
| (f) Rates and Taxes | 199 | 531 |
| (g) Insurance | 844 | 722 |
| (h) Repairs and Maintenance: | | |
| (i) Plant and Machinery | 1,939 | 1,682 |
| (ii) Buildings | 291 | 332 |
| (iii) Others | 136 | 159 |
| (i) Publicity and Sales promotion | 1,286 | 864 |
| (j) Payments to Auditors (Refer details below) | 32 | 31 |
| (k) Donation | 16 | 1,009 |
| (l) Expenditure on Corporate Social Responsibility (Refer Note 42) | 74 | 301 |
| (m) Loss on sale of assets | --* | 2,321 |
| (n) Other / Miscellaneous Expenses | 8,104 | 7,847 |
| Total Other Expenses | 26,878 | 26,319 |

Details of payments to Auditors

| | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|---|---|---|
| (a) Audit fees | 24 | 24 |
| (b) Tax Audit fees | 1 | 1 |
| (c) Limited review and Certification work | 6 | 6 |
| (d) Reimbursement of expenses | 1 | --* |
| Total payments to Auditors | 32 | 31 |

28. EARNINGS PER SHARE

| | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--|---|---|
| (a) Profit / (Loss) attributable to Equity Shareholders | (7,460) | (11,186) |
| (b) Weighted average number of Equity Shares used as Denominator | 1,31,76,262 | 1,31,76,262 |
| (c) Basic and Diluted Earnings Per Share of nominal value of ₹ 10/- each : ₹ | (56.62) | (84.90) |

29. EXPENDITURE CAPITALISED

Amount capitalised represents expenditure allocated out of employee cost and other expenses, incurred in connection with capital items and various product development projects undertaken by the Company for the introduction of new products as well as development of engine and existing product variants.

--* Denotes amount less than ₹ 50,000/-

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

30. CONTINGENT LIABILITIES AND COMMITMENTS

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| (a) Contingent Liabilities | | |
| Claims against the Company not acknowledged as debts | | |
| (i) Taxes and Duties | 8,019 | 7,507 |
| (ii) Others (including Court cases pending) | 3,826 | 3,752 |
| (b) Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 12,688 | 28,500 |
| (c) As reported earlier, a foreign company has initiated legal proceedings in a foreign court, in respect of notional and unfounded claims for damages, without there being any enforceable agreement, relating to export business. The Company has obtained opinion from a Senior Counsel, in respect of these alleged claims against the Company. The Company has been advised that such notional / unfounded claims are not as per the applicable law nor these claims, if any, can be enforced in the Court of Law in India. This information is being disclosed as per the provisions of Schedule III to the Companies Act, 2013, only to indicate the alleged claims made against the Company and the developments in respect thereof. Moreover, considering the period lapsed, since the conclusion of the said legal proceedings, the Company does not expect any impact of this litigation on its financial position. | | |

31. DISCLOSURE AS PER THE REQUIREMENT OF SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT ACT, 2006

On the basis of information received as to the status as Micro, Small and Medium Enterprises, from suppliers of the Company along with a copy of the Memorandum filed by the said suppliers, as per the provisions of Section 8 of the Micro, Small and Medium Enterprises Development Act, 2006 (the Act), dues to Micro, Small and Medium Enterprises are as under :

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| (a) The amounts remaining unpaid to Micro and Small Enterprises as at the end of the year | | |
| (i) Principal | 384 | 242 |
| (ii) Interest | -- | -- |
| (b) Amount of interest - paid by the Company, accrued and remaining unpaid and amount of further interest remaining due and payable in the succeeding years until such date when the interest dues above are actually paid. | -- | -- |

The proceedings initiated by one of the suppliers, claiming to be a small scale enterprise, as per the provisions of Section 18 of the Act, culminated into an award of claim for ₹ 157 Lakhs with interest. The Company has not accepted the said liability. The Company has a major counter-claim against the said supplier amounting to about ₹ 906 Lakhs, which being unearned income, is not accounted. The award is challenged by the Company, as per the provisions of the Act and proceedings are pending before the Hon'ble District Judge, Pune, and before the Hon'ble High Court of Judicature at Bombay.

32. FOREIGN EXCHANGE DIFFERENCES

The amount of net exchange differences included in the Profit/Loss for the year on Revenue account is ₹ 2,014 Lakhs Credit (31st March 2021 : ₹ 223 Lakhs Credit) and on Capital account is ₹ 15 lakhs Debit (31st March 2021 : ₹ 49 Lakhs Credit).

33. EXPENDITURE ON RESEARCH AND DEVELOPMENT

The Company's expenditure on its research and development activity during the year under report was as follows :

| | As at 31st March 2022 | As at 31st March 2021 |
|-------------------------|--------------------------|--------------------------|
| (a) Capital Expenditure | 8,663 | 10,845 |
| (b) Revenue Expenditure | 10,594 | 11,209 |

(The above expenditure is grouped with other non - R&D expenditure under various heads of Capital and Revenue expenditures.)

As per the Indian Accounting Standard (Ind AS 38) – Intangible Assets, the Company has recognized Intangible Assets, arising out of in-house Research and Development activities of the Company, by capitalising the revenue expenditure, amounting to ₹ 7,269 Lakhs (31st March 2021 : ₹ 8,136 Lakhs).

As the development activity, of few projects, is continued, these assets are considered as Capital Work-in-progress, and will be amortized over the period of their life, after the completion of the development phase.

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

34. LEASES
Operating Leases
As a Lessor
(a) Industrial Shed at Chakan

The Company's industrial property is situated at Chakan, Pune. As this Industrial property is continue to be available for lease and considering it's location, the Company is of the opinion that it will be able to lease out the said property in the near future, it has been considered as an investment property.

(b) Freehold Land
Out of the freehold land at Akurdi, Pune

2700 sq. mtrs. (cost ₹ 1,374) of land is given on lease to Maharashtra State Electricity Distribution Company Limited for 99 years, w.e.f. 1st August 1989. Lease rentals are recognized in the Statement of Profit and Loss.

19,000 sq. mtrs. (cost ₹ 9,669) of land is given on lease to Navalmal Firodia Memorial Hospital Trust for 25 years, w.e.f. 12th August 2014. Lease rentals are recognized in the Statement of Profit and Loss.

These land given on lease are not considered as investment property considering the insignificant area and cost of that with respect to the total area and cost of freehold land at the respective places.

As a Lessee
Leasehold land

The Company has entered into Lease Agreements for Industrial Land, at Pithampur in Madhya Pradesh. The Company, being a Lessee, may surrender the leased area after giving Lessor 3 months notice period in writing. The lease premium is not refundable to Company in case of early termination of agreement by the Company. The Lessor is also entitled to terminate the Lease Agreement, if the Lessee defaults the terms and conditions of the Lease Agreement. The lease expense has been recognized in the Statement of Profit and Loss.

35. RELATED PARTY DISCLOSURES
I. Names of the related party and nature of relationship where control exists
Name of the Related Party

| Name of the Related Party | Nature of relationship |
|---|-------------------------------|
| (a) Jaya Hind Industries Private Limited | Holding Company |
| (b) Tempo Finance (West) Private Limited | Subsidiary Company |
| (c) Force MTU Power Systems Private Limited | Joint Venture Company |

II. List of other related parties with whom there are transactions in the current year
Name of the Related Party
A. Key Management Personnel (KMP)

| Name of the Related Party | Nature of relationship |
|---|---------------------------------|
| (a) Abhaykumar Firodia | Chairman |
| (b) Prasan Firodia | Managing Director |
| (c) Sudhir Mehta (upto 28.02.2022) | Director |
| (d) Pratap Pawar | Director |
| (e) S. Padmanabhan | Director |
| (f) Nitin Desai | Director |
| (g) Dr. Indira Parikh | Director |
| (h) Arun Sheth | Director |
| (i) Arvind Mahajan | Director |
| (j) Lt. Gen. (Retd.) Dr. D. B. Shekatkar | Director |
| (k) Anant J. Talaulicar (upto 30.03.2022) | Director |
| (l) Prashant V. Inamdar | Executive Director (Operations) |
| (m) Sanjay Kumar Bohra | Chief Financial Officer |

B. Other Entities

| | |
|--|-------------------------------------|
| (a) Jaya Hind Montupet Private Limited | Entity controlled by KMP of Company |
| (b) Pinnacle Industries Limited | Entity controlled by KMP of Company |
| (c) VDL Pinnacle Engineering India Private Limited | Entity controlled by KMP of Company |
| (d) Kider (India) Private Limited | Entity controlled by KMP of Company |
| (e) Bajaj Tempo Limited Provident Fund | Post employment benefit Trust |
| (f) Sakal Media Private Limited | Entity controlled by KMP of Company |
| (g) Amar Prerana Trust | Entity controlled by KMP of Company |
| (h) Navalmal Firodia Memorial Hospital Trust | Entity controlled by KMP of Company |
| (i) Antardisha | Entity controlled by KMP of Company |


Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

III. Transactions with Related Parties

| Name of Related Party | 2021-22 | | 2020-21 | |
|---|---------------------------------------|---|---------------------------------------|---|
| | Amount of transaction during the year | Balance as at 31st March 2022 Receivables / (Payables) | Amount of transaction during the year | Balance as at 31st March 2021 Receivables / (Payables) |
| A. Holding Company | | | | |
| Jaya Hind Industries Pvt. Ltd. | | | | |
| (a) Purchase of Capital Goods | 707 | | 267 | |
| (b) Purchase of Raw Materials, Components & Others | 5,469 | | 4,441 | |
| (c) Sundry Sales | 284 | | 202 | |
| (d) Service Charges recovered | 105 | (610) | 110 | (2,403) |
| (e) Processing Charges recovered | 32 | 428 | 23 | 434 |
| (f) Dividend paid | 378 | | 756 | |
| (g) Lease / Rent recovered | 520 | | 530 | |
| (h) Expenses recovered | 3 | | 2 | |
| (i) Inter Corporate Deposits (ICDs) | 15,000 | (15,000) | -- | |
| (j) Interest on ICDs | 201 | | -- | |
| B. Key Management Personnel | | | | |
| (a) Remuneration | | | | |
| (i) Short term employee benefits | 378 | | 309 | |
| (ii) Post employment benefits | 30 | (31) | 20 | (59) |
| (iii) Other long-term benefits | 39 | | 30 | |
| (b) Others | | | | |
| (i) Dividend paid | 24 | -- | 49 | -- |
| (ii) Sitting fees | 39 | -- | 41 | -- |
| C. Other Entities | | | | |
| (a) Force MTU Power Systems Pvt. Ltd. | | | | |
| (i) Service charges/Expenses recovered | 642 | | 657 | |
| (ii) Contribution to Equity | 2,234 | | 2,550 | |
| (iii) Royalty for use of Trademark | --* | 1,455 | --* | 947 |
| (iv) Sundry Sales | 11 | | --* | |
| (v) Reimbursement of expenses | 5 | | -- | |
| (b) Jaya Hind Montupet Pvt. Ltd. | | | | |
| (i) Purchase of Raw Materials, Components & Others | --* | | 8 | |
| (ii) Service Charges recovered | 6 | | 38 | (6) |
| (iii) Processing Charges recovered | -- | --* | --* | 39 |
| (iv) Sundry sales | -- | | 4 | |
| (v) Lease / Rent recovered | --* | | --* | |
| (c) Pinnacle Industries Ltd. | | | | |
| (i) Purchase of Capital Goods | 2,418 | | 451 | |
| (ii) Purchase of Raw Materials, Components & Others | 11,524 | | 9,261 | |
| (iii) Sales | 3,569 | (2,422) | 1,367 | (1,734) |
| (iv) Lease / Rent recovered | 63 | 1,081 | 22 | 2,057 |
| (v) Reimbursement of Expenses | -- | | 3 | |
| (vi) Processing Charges recovered | 4 | | 2 | |
| (d) Kider (India) Pvt. Ltd. | | | | |
| Purchase of Raw Materials, Components & Others | 1,167 | (50) | 812 | (180) |
| (e) VDL Pinnacle Engineering India Pvt. Ltd. | | | | |
| Purchase of Capital Goods | 32 | (10) | 24 | --* |
| (f) Bajaj Tempo Limited Provident Fund | | | | |
| Contribution to Provident Fund | 711 | (59) | 638 | (69) |
| (g) Sakal Media Pvt. Ltd. | | | | |
| Publicity charges | 4 | -- | 5 | -- |
| (h) Amar Prerana Trust | | | | |
| (i) Sundry sales | --* | -- | 6 | -- |
| (ii) Training Facility Utilisation | 2 | -- | -- | -- |
| (iii) Donation | -- | -- | 9 | -- |
| (i) Navalmal Firodia Memorial Hospital Trust | | | | |
| Lease / Rent recovered | --* | -- | --* | -- |
| (j) Antardisha | | | | |
| Professional Fees | -- | -- | 5 | -- |

--* Denotes amount less than ₹ 50,000/-

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

36. EMPLOYEE BENEFITS
A. Defined Contribution Plans

An amount of ₹ 436 Lakhs (31st March 2021 : ₹ 471 Lakhs) is recognized as an expense and included in "Employees Benefits Expense" in the Statement of Profit and Loss.

B. Defined Benefit Plans
(a) The amounts recognized in Balance Sheet are as follows

| | As at 31st March 2022 | | As at 31st March 2021 | |
|---|---------------------------|-----------------------------|---------------------------|-----------------------------|
| | Gratuity Plan (Funded) | Provident Fund* (Funded) | Gratuity Plan (Funded) | Provident Fund* (Funded) |
| (i) Amount to be recognized in Balance Sheet | | | | |
| Present value of defined benefit obligation | 6,775 | 25,139 | 6,544 | 24,435 |
| Less : Fair value of plan assets | 7,344 | 26,259 | 6,335 | 24,807 |
| Amount to be recognized as Liability or (Asset) | <u>(569)</u> | <u>(1,120)</u> | <u>209</u> | <u>(372)</u> |
| (ii) Amount to be reflected in Balance Sheet | | | | |
| Liabilities | (569) | (1,120) | 209 | (372) |
| Assets | -- | -- | -- | -- |
| Net Liability / (Asset) | <u>(569)</u> | <u>(1,120)</u> | <u>209</u> | <u>(372)</u> |

* Not considered in the books, being excess of plan assets over defined benefit obligation.

(b) The amounts recognized in the Statement of Profit and Loss are as follows

| | As at 31st March 2022 | | As at 31st March 2021 | |
|---|---------------------------|-----------------------------|---------------------------|-----------------------------|
| | Gratuity Plan (Funded) | Provident Fund* (Funded) | Gratuity Plan (Funded) | Provident Fund* (Funded) |
| (i) Employee Benefits Expense | | | | |
| Current service cost | 567 | 809 | 591 | 737 |
| (ii) Acquisition (Gain) / Loss | -- | -- | -- | -- |
| (iii) Finance cost | | | | |
| Net Interest (Income) / Expenses | (15) | (94) | 22 | (81) |
| Transfer in / (out) | -- | -- | 5 | -- |
| Net periodic benefit cost recognized in the Statement of Profit and Loss | <u>552</u> | <u>715</u> | <u>618</u> | <u>656</u> |

* Not considered in the books, being excess of plan assets over defined benefit obligation.

(c) The amounts recognized in the Statement of Other Comprehensive Income (OCI)

| | As at 31st March 2022 | | As at 31st March 2021 | |
|---|---------------------------|-----------------------------|---------------------------|-----------------------------|
| | Gratuity Plan (Funded) | Provident Fund* (Funded) | Gratuity Plan (Funded) | Provident Fund* (Funded) |
| (i) Opening amount recognized in OCI outside Statement of Profit and Loss | -- | -- | -- | -- |
| (ii) Re-measurements for the year - obligation (Gain) / Loss | (432) | (234) | (232) | (1,533) |
| (iii) Re-measurements for the year - plan assets (Gain) / Loss | (45) | (519) | (39) | 1,376 |
| (iv) Total re-measurements cost / (credit) for the year recognized in OCI | <u>(477)</u> | <u>(753)</u> | <u>(271)</u> | <u>(157)</u> |
| (v) Less : Accumulated balances transferred to retained earnings | (477) | (753) | (271) | (157) |
| Closing balances [re-measurements (Gain) / Loss recognized in OCI] | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> |

* Not considered in the books, being excess of plan assets over defined benefit obligation.

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

(d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows

| | As at 31st March 2022 | | As at 31st March 2021 | |
|---|------------------------|-------------------------|------------------------|-------------------------|
| | Gratuity Plan (Funded) | Provident Fund (Funded) | Gratuity Plan (Funded) | Provident Fund (Funded) |
| (i) Present value of obligation as at the beginning of the year | 6,544 | 24,435 | 6,414 | 22,947 |
| (ii) Acquisition adjustment | -- | -- | -- | -- |
| (iii) Transfer in / (out) | (3) | (333) | -- | -- |
| (iv) Interest cost | 421 | 1,531 | 408 | 1,519 |
| (v) Past service cost | -- | -- | -- | -- |
| (vi) Current service cost | 567 | 809 | 591 | 737 |
| (vii) Employee Contribution | -- | 1,392 | -- | 1,320 |
| (viii) Curtailment cost / (credit) | -- | -- | -- | -- |
| (ix) Settlement cost / (credit) | -- | -- | -- | -- |
| (x) Benefits paid | (322) | (2,461) | (637) | (555) |
| (xi) Re-measurements on obligation - (Gain) / Loss | (432) | (234) | (232) | (1,533) |
| Present value of obligation as at the end of the year | 6,775 | 25,139 | 6,544 | 24,435 |

(e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows

| | As at 31st March 2022 | | As at 31st March 2021 | |
|--|------------------------|-------------------------|------------------------|-------------------------|
| | Gratuity Plan (Funded) | Provident Fund (Funded) | Gratuity Plan (Funded) | Provident Fund (Funded) |
| (i) Fair value of the plan assets as at beginning of the year | 6,335 | 24,807 | 5,629 | 23,179 |
| (ii) Acquisition adjustment | -- | -- | -- | -- |
| (iii) Transfer in / (out) | (3) | (334) | (5) | -- |
| (iv) Interest income | 436 | 1,625 | 386 | 1,600 |
| (v) Contributions | 872 | 2,103 | 920 | 1,959 |
| (vi) Mortality Charges and Taxes | (10) | -- | (11) | -- |
| (vii) Benefits paid | (331) | (2,461) | (623) | (555) |
| (viii) Amount paid on settlement | -- | -- | -- | -- |
| (ix) Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss) | 45 | 519 | 39 | (1,376) |
| Fair value of plan assets as at the end of the year | 7,344 | 26,259 | 6,335 | 24,807 |
| Actual return on plan assets | 481 | | 426 | |

(f) Net interest (Income) / Expenses

| | As at 31st March 2022 | | As at 31st March 2021 | |
|---|------------------------|--------------------------|------------------------|--------------------------|
| | Gratuity Plan (Funded) | Provident Fund* (Funded) | Gratuity Plan (Funded) | Provident Fund* (Funded) |
| (i) Interest (income) / expense - obligation | 421 | 1,531 | 408 | 1,519 |
| (ii) Interest (income) / expense - plan assets | (436) | (1,625) | (386) | (1,600) |
| Net interest (income) / expense for the year | (15) | (94) | 22 | (81) |

* Not considered in the books, being excess of plan assets over defined benefit obligation.

Basis used to determine the overall expected return

The net interest approach effectively assumes an expected rate of return on plan assets equal to the beginning of the year discount rate. Expected return of 6.60% has been used for the valuation purpose.

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

(g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

| Gratuity | As at 31st March 2022 | As at 31st March 2021 |
|--|----------------------------------|----------------------------------|
| (i) Discount rate | 6.90% | 6.60% |
| (ii) Expected return on plan assets | 6.60% | 6.70% |
| (iii) Salary growth rate * | 8% | 8% |
| (iv) Attrition rate - for Bargainable Staff & others | 10% | 10% |
| (v) Attrition rate - Workers | 2% | 2% |

* The estimates of future salary increase considered in actuarial valuation taking into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

| Provident Fund | As at 31st March 2022 | As at 31st March 2021 |
|--|----------------------------------|----------------------------------|
| (i) Discount rate | 6.90% | 6.60% |
| (ii) Interest rate | 8.10% | 8.50% |
| (iii) Yield spread | 0.50% | 0.50% |
| (iv) Attrition rate - for Bargainable Staff & others | 10% | 10% |
| (v) Attrition rate - Workers | 2% | 2% |

Sensitivity analysis

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present Value of Obligation (PVO). Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 50/100 basis points (0.50% / 1%)

(h) Change in assumption

| | As at 31st March 2022 | | As at 31st March 2021 | |
|---|------------------------------|-----------------------|------------------------------|-----------------------|
| | Gratuity | Provident Fund | Gratuity | Provident Fund |
| (i) Discount rate | | | | |
| Increase by 1% | 6,404 | -- | 6,160 | -- |
| Decrease by 1% | 7,188 | -- | 6,973 | -- |
| Increase by 0.5% | -- | 24,831 | -- | 24,111 |
| Decrease by 0.5% | -- | 25,462 | -- | 24,775 |
| (ii) Salary increase rate | | | | |
| Increase by 1% | 7,116 | -- | 6,900 | -- |
| Decrease by 1% | 6,462 | -- | 6,218 | -- |
| (iii) Withdrawal rate | | | | |
| Increase by 1% | 6,755 | -- | 6,518 | -- |
| Decrease by 1% | 6,797 | -- | 6,574 | -- |
| (iv) Expected future interest rate of Provident Fund | | | | |
| Increase by 1% | -- | -- | -- | -- |
| Decrease by 1% | -- | -- | -- | -- |
| Increase by 0.5% | -- | 25,450 | -- | 24,749 |
| Decrease by 0.5% | -- | 24,827 | -- | 24,120 |

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

37. FINANCIAL INSTRUMENTS - FAIR VALUES
Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities with it's classification.

| | Carrying Value | | Fair Value | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31st March 2022 | 31st March 2021 | 31st March 2022 | 31st March 2021 |
| Financial Assets | | | | |
| (a) Fair Value through Other Comprehensive Income (FVTOCI) | | | | |
| Equity Investments | 2,540 | 2,026 | 2,540 | 2,026 |
| (b) Amortized cost | | | | |
| Trade Receivables | 18,938 | 12,599 | 18,938 | 12,599 |
| Loans - Security Deposits | 1,611 | 1,614 | 1,611 | 1,614 |
| Other Financial Assets | 15 | 6,292 | 15 | 6,292 |
| Cash and Cash equivalents | 6,975 | 3,212 | 6,975 | 3,212 |
| Other Bank Balances | 221 | 226 | 221 | 226 |
| Total | 30,300 | 25,969 | 30,300 | 25,969 |
| Financial Liabilities | | | | |
| Amortized cost | | | | |
| Non-current Borrowings | 60,055 | 49,378 | 60,055 | 49,378 |
| Current Borrowings | 46,827 | 14,864 | 46,827 | 14,864 |
| Trade Payable | 51,690 | 44,007 | 51,690 | 44,007 |
| Other Financial Liabilities | 6,272 | 4,599 | 6,272 | 4,599 |
| Total | 1,64,844 | 1,12,848 | 1,64,844 | 1,12,848 |

The following methods and assumptions were used to estimate the fair values :

The fair values of Trade Payables, Trade Receivables, Cash and Cash equivalents and Other Bank Balances, are reasonable approximation of fair value due to the short-term maturities of these instruments.

Investment in subsidiary and joint venture are accounted at cost in accordance with Ind AS 27 Separate financial statements, accordingly investment in subsidiary and joint venture are not fair valued.

Allowance for credit loss on Trade Receivables, is taken into account, on the basis of credit worthiness of the customer individual.

Borrowings represents Working Capital Loan, ICD, Term Loan from Banks and NCD obtained at market rates of interest available for debt on similar terms, credit risk and remaining maturities. As of reporting date, the fair value of borrowings is measured at amortized cost, which is reasonable approximation of fair value.

Fair value hierarchy and valuation techniques used
(a) Financial Assets and Liabilities measured at fair value

| | Level | 31st March 2022 | 31st March 2021 |
|-------------------------------|---------|--------------------|--------------------|
| Financial Assets | | | |
| FVTOCI Investments - Quoted | Level 1 | 2,535 | 2,021 |
| FVTOCI Investments - Unquoted | Level 3 | 5 | 5 |
| Total | | 2,540 | 2,026 |

(b) Financial Assets and Liabilities measured at amortized cost for which fair value is disclosed

| | Level | 31st March 2022 | 31st March 2021 |
|--|---------|--------------------|--------------------|
| Financial Assets measured at amortized cost | | | |
| Loans - Security Deposits | Level 2 | 1,611 | 1,614 |
| Other Financial Assets | Level 2 | 15 | 6,292 |
| Total | | 1,626 | 7,906 |

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

(c) Financial Liabilities measured at amortized cost

| | Level | 31st March 2022 | 31st March 2021 |
|-----------------------------|---------|--------------------|--------------------|
| Non-current Borrowings | Level 2 | 60,055 | 49,378 |
| Current Borrowings | Level 2 | 46,827 | 14,864 |
| Other Financial Liabilities | Level 2 | 6,272 | 4,599 |
| Total | | 1,13,154 | 68,841 |

The fair values disclosed in level 2 category are calculated using discounted cash flow method. These fair values reasonably approximate to the carrying values of financial assets and liabilities measured at amortized cost.

During the year ended 31st March 2022, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurement.

38. FINANCIAL RISK MANAGEMENT
Financial Risk Management Policy and Objectives

The Company's principal financial liabilities comprise of Borrowings, Trade and Other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Trade and Other receivables and Cash and Cash equivalents, which are derived directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The management of these risks is overseen by the senior management, which is advised by a team of senior officials. The Risk Management team oversees the policies and systems, on a regular basis to reflect changes in market conditions and company's activities and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Board of Directors reviews and agrees policies for managing each of these risks summarized below:

| Risk | Exposure arising from | Measurement | Management |
|--------------------------------|--|--|---|
| Credit risk | Cash and Cash equivalents, Trade Receivables, Financial Assets measured at amortized cost | Aging analysis Credit ratings [Refer Note 38 (a)] | Diversification of Credit Limits and Letters of Credit, Sales on cash basis and against securities. |
| Liquidity risk | Borrowings and Other Financial Liabilities | Cash flow forecasts [Refer Note 38 (b)] | Availability of committed credit lines and borrowing facilities |
| Market risk – foreign exchange | Recognized Financial Assets and Liabilities not denominated in Indian Rupee | Cash flow forecasting Sensitivity analysis [Refer Note 39] | Company's net forex exposure is covered by natural hedge |
| Market risk – interest rate | Loans and advances on Cash Credit Account, Term Loan from Bank and NCD. | Cash flow forecasting & Sensitivity analysis | Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements |
| | As the borrowings were at fixed rate of interest, the Company is not exposed to interest rate risk, except the changes linked to Repo, MCLR and LIBOR rates. | | |
| Market risk – equity prices | Investments in Equity Securities | Sensitivity analysis [Refer Note 38 (c)] | Portfolio diversification |
| Commodity risk | Procurement of steel and other metals | Budgeted consumption & its impact on finished product. | A well controlled review process is in place for analyzing the price trend and market intelligence and accordingly the procurement strategy is adopted. The overall exposure is not material. |

(a) Credit Risk

The table summarises aging of Trade Receivable

| | Not due | Less than 1 year | More than 1 year | Total |
|------------------------------|---------------|------------------|------------------|---------------|
| As at 31st March 2022 | | | | |
| Gross Carrying Amount | 13,795 | 3,814 | 1,369 | 18,978 |
| Allowance for doubtful debts | -- | -- | (40) | (40) |
| Net | 13,795 | 3,814 | 1,329 | 18,938 |
| As at 31st March 2021 | | | | |
| Gross Carrying Amount | 5,157 | 6,961 | 521 | 12,639 |
| Allowance for doubtful debts | -- | -- | (40) | (40) |
| Net | 5,157 | 6,961 | 481 | 12,599 |

The Cash and Cash equivalents are held with Scheduled Banks. Thus, the Company considers that its Cash and Cash equivalents have low credit risks.

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

(b) Liquidity Risk

The table summarises the maturity profile of Company's financial liabilities based on contractual un-discounted payments.

| As at 31st March 2022 | | | | | |
|-----------------------------|-----------------|-----------|------------------|------------------|-----------------|
| | Carrying amount | On Demand | Less than 1 year | More than 1 year | Total |
| Interest bearing borrowings | 1,06,882 | 6,000 | 40,827 | 60,055 | 1,06,882 |
| Other Financial Liabilities | 6,272 | 62 | 6,210 | -- | 6,272 |
| Trade and Other Payables | 51,690 | -- | 51,405 | 285 | 51,690 |
| As at 31st March 2021 | | | | | |
| | Carrying amount | On Demand | Less than 1 year | More than 1 year | Total |
| Interest bearing borrowings | 64,242 | 3,000 | 11,864 | 49,378 | 64,242 |
| Other Financial Liabilities | 4,599 | 64 | 4,535 | -- | 4,599 |
| Trade and Other Payables | 44,007 | -- | 43,406 | 601 | 44,077 |

(c) Market Risk : Equity Price Risk

At the reporting date, the exposure to unquoted equity securities at fair value was ₹ 5 Lakhs.

At the reporting date, the exposure to quoted equity securities at fair value was ₹ 2,536 Lakhs. A decrease/increase of 15% on the bank Nifty market index could have an impact of approximately ₹ 533 Lakhs on the OCI or equity attributable to the Company. These changes would not have an effect on profit or loss.

39. FOREIGN CURRENCY SENSITIVITY ANALYSIS

| Currency | Net exposure in foreign currency | | Net exposure in INR | |
|----------|----------------------------------|-----------------------|-----------------------|-----------------------|
| | As at 31st March 2022 | As at 31st March 2021 | As at 31st March 2022 | As at 31st March 2021 |
| USD | 38,05,373 | (16,67,298) | 2,899 | (1,218) |
| EUR | 1,43,71,911 | 53,94,060 | 12,301 | 4,698 |
| JPY | -- | 53,16,399 | -- | 36 |

| Currency | Sensitivity % | Impact on profit (strengthening)* | | Impact on profit (weakening)* | |
|----------|---------------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
| | | As at 31st March 2022 | As at 31st March 2021 | As at 31st March 2022 | As at 31st March 2021 |
| USD | 5% | (145) | 61 | 145 | (61) |
| EUR | 5% | (615) | (235) | 615 | 235 |
| JPY | 5% | -- | (2) | -- | 2 |
| | | (760) | (176) | 760 | 176 |

(* Strengthening / weakening of foreign currency)

40. CAPITAL MANAGEMENT

The Company's capital includes issued Equity Capital, Share Premium and Free Reserves.

The Company's policy is to meet the financial covenants attached to the interest-bearing borrowings by maintaining a strong capital base. The Company aims to sustain investor, creditor and market confidence so as to leverage such confidence for future capital/debt requirements.

Management monitors the return on capital earned, the capital/debt requirements for various business plans under consideration and determines the level of dividends to equity shareholders.

No changes were made in the objectives, policies or processes for managing capital during the financial years ended on 31st March 2022 and 31st March 2021.

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|--|-----------------------|-----------------------|
| Total Shareholder's Equity as reported in Balance Sheet | 1,78,694 | 1,86,048 |
| Net Debt : | | |
| Short-term debt | 21,000 | 3,000 |
| Long-term debt (including current portion of long term debt) | 85,882 | 61,242 |
| Gross Debt : | 1,06,882 | 64,242 |
| Less : Cash and Bank Balances | 7,196 | 3,438 |
| Net Debt / (Net Cash and Bank balances) | 99,686 | 60,804 |

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

41. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

All amounts which became due, for transfer to the credit of Investor Education and Protection Fund, as of 31st March 2022, have been transferred to that fund, except a sum of ₹ 0.60 Lakh (31st March 2021 : ₹ 0.60 Lakh) being amount of 5 Nos. (31st March 2021 : 5 Nos.) fixed deposits and interest thereon amounting to ₹ 0.25 Lakh (31st March 2021 : ₹ 0.25 Lakh). In view of the directives received from the Government Authorities, these amounts are not transferred to the Fund, being involved in an investigation.

42. The Company has spent ₹ 74 Lakhs (31st March 2021 : ₹ 301 Lakhs) towards Corporate Social Responsibility (CSR), which is shown in "Other Expenses" [Note No.27 (I)] to the Notes to Financial Statements.

| Sr. No. | Description | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|---------|---|------------------------------------|------------------------------------|
| (a) | Gross amount required to be spent by the company during the year | 52 | 296 |
| (b) | Amount of expenditure incurred | 74 | 301 |
| (c) | Shortfall/(Surplus) at the end of the year | (22) | (5) |
| (d) | Total of previous years shortfall/(surplus) | (5) | -- |
| (e) | Reason for shortfall | NA | NA |
| (f) | Nature of CSR activities : | | |
| (i) | Promoting education | 38 | 149 |
| (ii) | Disaster management and relief activities (Covid-19 Relief activity) | 31 | 117 |
| (iii) | Contribution to autonomous bodies established under Department of Science & Technology of the Central Government. | 5 | -- |
| (iv) | Restoration of buildings and sites of historical importance | -- | 35 |
| | Total | 74 | 301 |
| (g) | Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard. | -- | -- |
| (h) | Whereas provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately. | -- | -- |
| (i) | Amount available for set off in succeeding financial years | 27 | 5 |

43. ADDITIONAL REGULATORY INFORMATION :
(a) Loans and Advances in the nature of Loan to Related Parties :

The Company has not granted any Loans or Advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person as on 31st March 2022.

(b) Relationship with Struck off Companies :

As per our knowledge, the Company has not entered in to any transactions with Struck off companies as on 31st March 2022.

(c) Registration of charges or satisfaction with Registrar of Companies :

The Company has no charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period.

(d) Compliance with number of layers of companies :

The Company has complied with the number of layers prescribed under Clause 87 of Section 2 of the Act, read with Companies (Restriction on number of layers) Rules, 2017, as on 31st March 2022.

(e) Compliance with approved Scheme (s) of Arrangements Accounted as per Scheme & Ind AS

Neither the Company has approached to nor any Competent Authority has approved any scheme of arrangements so as to account for in the books of account of the Company, in order to disclose any deviation in that regard.

(f) Loans, Guarantee, Security given by Company to Intermediary and it is giving to others on behalf of Company :

The Company has neither advanced nor loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries).

(g) Crypto Currency or Virtual Currency :

The Company has neither traded nor invested in Crypto currency or Virtual currency during the financial year.

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

(h) Key Financial Ratios

| Sr. No. | Ratio | Formula used | FY 2021-22 | FY 2020-21 | % change | Reason for change in the ratio by more than 25% |
|---------|---------------------------------|------------------------------------|----------------|------------|----------|---|
| (i) | Current Ratio | Current Assets | 0.80 | 1.00 | -20% | |
| | | Current Liabilities | | | | |
| (ii) | Debt-Equity Ratio | Total Debt | 0.60 | 0.35 | 73% | Impact due to increased term borrowings for ongoing capex programme. |
| | | Shareholders equity | | | | |
| (iii) | Debt Service Coverage Ratio | Earning available for debt service | 0.80 | 1.09 | -26% | Interest on borrowing has gone up due to term loan borrowing, hence the change in ratio. |
| | | Debt service | | | | |
| (iv) | Return On Equity | Net Profit After Taxes | (0.04) | (0.06) | 30% | Ratio has been changed due to improved financial performance during the year as compared to previous financial year. |
| | | Average Shareholders Equity | | | | |
| (v) | Inventory Turnover Ratio | Net Sales | 5.37 | 3.52 | 53% | Improvement is due to improved sales. |
| | | Average Inventory | | | | |
| (vi) | Trade Receivable Turnover Ratio | Net Sales | 20.34 | 13.25 | 54% | Improvement is due to improved sales. |
| | | Avg. Accounts Receivable | | | | |
| (vii) | Trade Payable Turnover Ratio | Material consumption | 5.40 | 2.61 | 107% | Improvement is due to improved sales and material consumption. |
| | | Average Trade Payables | | | | |
| (viii) | Net Capital Turnover Ratio | Net Sales | (12.26) | 768.45 | -102% | Increase in current liabilities on account of increase in current maturities of long-term borrowings resulted in lower ratio. |
| | | Working Capital | | | | |
| (ix) | Net Profit Ratio | Net Profit | (0.02) | (0.06) | 59% | Ratio improved due to better financial performance during the year as compared to previous financial year. |
| | | Net Sales | | | | |
| (x) | Return on Capital Employed | Earning before interest and taxes | (0.03) | (0.07) | 54% | Ratio has net impact of improved financials and increased borrowings |
| | | Capital Employed | | | | |

Notes to Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

44. DIVIDEND

The Board of Directors has recommended payment of Dividend of ₹10 per fully paid Equity Shares (31 March 2021 : ₹ 5). This proposed dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting. This dividend is not recognized in the books of account at the end of the reporting period.

45. After two successive years of severe impact due to COVID-19 pandemic, the Automobile industry has shown promising signs of recovery, from the severity, in the Financial Year 2021-22. However, certain segments like Schools, Tours & Travels and Hospitality Industry were either remained closed during major part of the year or just started functioning with caution. As the Company has good market share in these segments, both revenue and profitability has continued to be affected during the year. Further, as the market was slowly coming out from the severity and yet to be settled, there was a considerable delay in introduction of our successive models which were also impacted the growth prospects both in the top as well as bottom lines.

The Company will continue to monitor the developments and the impact of the said pandemic, and necessary counter measure will be taken to minimize the overall impact. The Company, as at the date of approval of these financials statement has relied upon the available market intelligence and information to arrive its best estimates.

46. The Company is operating in a Single Segment.

47. Previous year's figures have been re-grouped, re-arranged and re-classified wherever necessary.

As per our separate report of even date.

For **Kirtane & Pandit LLP**
Chartered Accountants
[FRN : 105215W/W100057]

Suhas Deshpande
Partner
Membership No. : 031787

Place : Pune
Date : 27th May 2022

Sanjay Kumar Bohra
Chief Financial Officer

Gaurav Deshmukh
Company Secretary

Place : Pune
Date : 27th May 2022

On behalf of the Board of Directors

Abhaykumar Firodia
Chairman

(All amounts in ₹ Lakhs, unless otherwise stated)

Form AOC - 1

Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014

**Statement containing salient features of the Financial Statement of
Subsidiaries / Associate Companies / Joint Ventures**
Part "A" : SUBSIDIARIES

| | | |
|-----|--|--|
| 1. | Sr. No. | 1 |
| 2. | Name of the subsidiary | Tempo Finance (West) Private Limited |
| 3. | The date since when subsidiary was acquired | 14th August 2012 |
| 4. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period. | Same as per the holding company's reporting period |
| 5. | Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. | N. A. |
| 6. | Share Capital | 133 |
| 7. | Reserves and Surplus | 461 |
| 8. | Total Assets | 595 |
| 9. | Total Liabilities | 595 |
| 10. | Investments | -- |
| 11. | Turnover (Total Revenue) | 38 |
| 12. | Profit before taxation | 38 |
| 13. | Provision for taxation | 10 |
| 14. | Profit after taxation | 28 |
| 15. | Proposed Dividend | -- |
| 16. | % of shareholding | 66.43% |

| | | |
|----|--|-------|
| 1. | Names of subsidiaries which are yet to commence operations | N. A. |
| 2. | Names of subsidiaries which have been liquidated or sold during the year | N. A. |

(All amounts in ₹ Lakhs, unless otherwise stated)

Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| | Name of Joint Venture | Force MTU Power Systems Private Limited |
|----|--|---|
| 1. | Latest Audited Balance Sheet date | 31st March 2022 |
| 2. | Shares of Joint Venture held by the Company on the year end | |
| | (a) No. | 12,75,00,000 Equity Shares of ₹ 10/- each |
| | (b) Amount of Investment in Joint Venture | -- |
| | (c) Extent of Holding % | 51 % |
| 3. | Description of how there is significant influence | There is a significant influence by virtue of joint control |
| 4. | Reason why the Joint Venture is not consolidated | N. A. |
| 5. | Net worth attributable to Shareholding as per latest Audited Balance Sheet | 8,537 |
| 6. | Profit / (Loss) for the year | (3,269) |
| | (a) Considered in Consolidation | (1,667) |
| | (b) Not considered in Consolidation | N. A. |

| | | |
|----|--|-------|
| 1. | Names of Associates or Joint Ventures which are yet to commence operations | N. A. |
| 2. | Names of Associates or Joint Ventures which have been liquidated or sold during the year | N. A. |

As per our separate report of even date.

For Kirtane & Pandit LLP
Chartered Accountants
[FRN : 105215W/W100057]

Suhas Deshpande
Partner
Membership No. : 031787

Place : Pune
Date : 27th May 2022

Sanjay Kumar Bohra
Chief Financial Officer

Gaurav Deshmukh
Company Secretary

Place : Pune
Date : 27th May 2022

On behalf of the Board of Directors

Abhaykumar Firodia
Chairman

INDEPENDENT AUDITOR'S REPORT

To the Members of Force Motors Limited

Report on the audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Force Motors Limited (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred to as "**the Group**"), and a jointly controlled entity, which comprise the consolidated Balance Sheet as at March 31, 2022, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "**the consolidated financial statements**").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("**the Act**") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("**Ind AS**") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2022, the consolidated loss and total comprehensive income, changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter | How our audit addressed the key audit matter |
|---------|---|---|
| 1. | <p>Contingent Liability</p> <p>The Company has in duties and taxes litigations that are pending with various tax authorities. Whether a liability is recognized or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on assumptions and assessments. We placed specific focus on the judgements in respect to these demands against the Company. Determining the amount, if any, to be recognized or disclosed in the financial statements, is inherently subjective. Therefore, it is considered to be a key audit matter. (Refer Note 31(a) to consolidated financial statements)</p> | <p>Our procedures included, but were not limited to, the following :</p> <ul style="list-style-type: none"> • Obtained an understanding from the management with respect to process and controls followed by the Company for identification and monitoring of significant developments in relation to the litigations, including completeness thereof. • Obtained the list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations. • Assessed management's discussions held with their legal consultants and understanding precedents in similar cases. • Our own teams of tax experts assessed and validated the adequacy and appropriateness of the disclosures made by the management in the financial statements. |
| 2. | <p>Intangible assets</p> <p>Product development costs incurred on new vehicle platforms; engines are recognised as intangible assets only when technical feasibility has been established. The costs capitalised during the year include technical know-how expenses, materials, direct Labour, inspecting and testing charges, designing and other direct expenses incurred on respective projects, up to the date the intangible asset is capitalised.</p> | <p>Our audit approach consisted evaluation of design and implementation of controls, and testing the operating effectiveness around initiation of capitalisation of the product development cost including management's validation of relevant data elements and benchmarking the assumptions;</p> <p>The audit procedures included :</p> <ul style="list-style-type: none"> • Obtained the list of approved project wise details and verify the completeness and accuracy of cost data with respect to various system generated reports. |

| Sr. No. | Key Audit Matter | How our audit addressed the key audit matter |
|---------|--|---|
| | <p>The capitalisation of product development cost is considered to be a key audit matter given that the assessment of the capitalisation criteria set out in Ind AS 38 Intangible Assets is made at an early stage of product development and there are inherent challenges with accurately predicting the future economic benefit, which must be assessed as probable for capitalisation to commence. (Refer Note 2{g} and Note 5 of the Consolidated Financial Statements)</p> | <ul style="list-style-type: none"> Inspected the respective approvals for initiation of capitalisation including government approvals (DSIR) where applicable. Reviewed the cost allocation for the year and determined that costs capitalised are directly attributable. Tested on sample basis costs incurred towards projects i.e. in respect of manpower cost, we verified hours booked on respective projects, hourly rates for respective persons and sample vouchers / invoices for directly attributable expenses. We reviewed judgments used by the Management for expected probable economic benefits and associated expenditures, and their assessment of feasibility of the projects, including appropriateness of past / present useful life applied in calculation of amortization. After carrying out above audit procedures, we concluded that relevant criteria for capitalisation have been met. |

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Business Responsibility Report, but does not include the financial statements and our auditor's report thereon. Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Business Responsibility Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. When we read Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Business Responsibility Report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and joint venture are responsible for assessing the ability of Group and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for overseeing the financial reporting process of the Group and its joint venture.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements and other financial information, in respect of a subsidiary, whose financial statements include total assets (net) of ₹ 594 Lakhs as at March 31, 2022, and total revenue of ₹ 38 Lakhs and net cash inflows amounting to ₹ 25 lakhs for the year ended on that date respectively, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors which have been furnished to us by the management. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 1661 lakhs for the year ended March 31, 2022, as considered in the consolidated financial statements, in respect of a joint venture. These financial statements and other financial information have been audited by other auditors which have been furnished to us by the management. Our opinion, in so far as it relates to the affairs of such subsidiary and joint Venture is based solely on the report of other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statement and the other financial information of subsidiary company and joint venture incorporated in India, referred in the Other Matters paragraph above we report, that :
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors of the holding Company as on March 31, 2022 taken on record by the Board of Directors of the holding Company and the reports of the statutory auditors of its subsidiary company and joint venture company incorporated in India, none of the directors of the Group and joint venture companies incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**” which is based on auditors’ reports of the Company, subsidiary company and joint venture incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the Holding Company and subsidiary company incorporated in India.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- (i) The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group - Refer Note 31 (a) to the consolidated financial statements
 - (ii) The Group did not have any material long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary and joint venture incorporated in India. - Refer Note 42 to consolidated financial statements.
 - (iv) With respect to clause (e) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended.
 - (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) Management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused us believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
 - (v) The final dividend paid by the Company during the year in respect for the previous year is in accordance with Section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.

As stated in Note 45 to the consolidated financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

2. With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Section 197(16) of the Act, as amended :

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

3. With respect to the matters specified in paragraphs 3(xi) and 4 of the Companies (Auditor’s Report) Order, 2020 (the “Order”/ “CARO”) issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor’s report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and entities included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm’s Registration Number : 105215W / W100057

Place : Pune
Date : 27th May 2022

Suhas Deshpande
Partner
Membership No. : 031787
UDIN : 22031787AJSVXN3272

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **Force Motors Limited** of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of Force Motors Limited (hereinafter referred to as “**Company**”) and its subsidiary company and Joint Venture, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company, its subsidiary company and Joint Venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a

process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls Over Financial Reporting with reference to these consolidated financial statements

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, Holding Company, its subsidiary company and a joint venture, which are companies incorporated in India has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as subsidiary company and joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and joint venture incorporated in India.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W/W100057

Place : Pune
Date : 27th May 2022

Suhas Deshpande
Partner
Membership No. : 031787
UDIN : 22031787AJSVXN3272

Consolidated Balance Sheet as at 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | Note No. | As at 31st March 2022 | As at 31st March 2021 |
|---|----------|-----------------------|-----------------------|
| I ASSETS | | | |
| (1) Non-current Assets | | | |
| (a) Property, Plant and Equipment | 3 | 1,56,885 | 1,01,272 |
| (b) Capital Work-in-progress | 3 | 15,565 | 36,873 |
| (c) Investment Property | 4 | 506 | 530 |
| (d) Goodwill | | 1 | 1 |
| (e) Other Intangible Assets | 5 | 45,912 | 20,549 |
| (f) Intangible Assets under development | 5 | 14,650 | 35,612 |
| (g) Financial Assets | | | |
| (i) Investments | 6 | 11,077 | 9,990 |
| (ii) Loans and Advances | 7 | 1,556 | 1,507 |
| (h) Deferred Tax Assets (Net) | 8 | 9,408 | 5,760 |
| (i) Other Non-current Assets | 9 | 7,846 | 23,477 |
| Total Non-current Assets | | 2,63,406 | 2,35,571 |
| (2) Current Assets | | | |
| (a) Inventories | 10 | 63,713 | 55,782 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 11 | 18,938 | 12,599 |
| (ii) Cash and Cash equivalents | 12 | 7,210 | 3,472 |
| (iii) Bank balance other than (ii) above | 12 | 221 | 226 |
| (iv) Loans and Advances | 7 | 55 | 107 |
| (v) Other Financial Assets | 13 | 374 | 6,598 |
| (c) Current Tax Assets (Net) | 8 | 1,051 | 1,298 |
| (d) Other Current Assets | 9 | 11,127 | 8,097 |
| Total Current Assets | | 1,02,689 | 88,179 |
| Total Assets | | 3,66,095 | 3,23,750 |
| II EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity Share Capital | 14 | 1,318 | 1,318 |
| (b) Other Equity | 15 | 1,73,469 | 1,82,465 |
| (c) Equity attributable to owners of the Company | | 1,74,787 | 1,83,783 |
| (d) Non-controlling Interest | 21 | 199 | 190 |
| Total Equity | | 1,74,986 | 1,83,973 |
| (2) Liabilities | | | |
| Non-current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 16 | 60,055 | 49,378 |
| (b) Provisions | 18 | 2,691 | 2,951 |
| (c) Other Non-current Liabilities | 20 | 102 | 88 |
| Total Non-current Liabilities | | 62,848 | 52,417 |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 16 | 46,827 | 14,864 |
| (ii) Trade Payables | 19 | | |
| - Total outstanding dues of Micro and Small Enterprises | | 384 | 242 |
| - Total outstanding dues other than Micro and Small Enterprises | | 51,307 | 43,765 |
| (iii) Other Financial Liabilities | 17 | 6,272 | 4,599 |
| (b) Other Current Liabilities | 20 | 10,652 | 8,522 |
| (c) Provisions | 18 | 12,819 | 15,368 |
| Total Current Liabilities | | 1,28,261 | 87,360 |
| Total Liabilities | | 1,91,109 | 1,39,777 |
| Total Equity and Liabilities | | 3,66,095 | 3,23,750 |

See accompanying notes forming part of the Consolidated Financial Statements 1-50
As per our separate report of even date.

On behalf of the Board of Directors

For **Kirtane & Pandit LLP**

Chartered Accountants
[FRN : 105215W/W100057]

Sanjay Kumar Bohra
Chief Financial Officer

Abhaykumar Firodia

Chairman

Suhas Deshpande

Partner
Membership No. : 031787

Gaurav Deshmukh

Company Secretary

Place : Pune

Date : 27th May 2022

Place : Pune

Date : 27th May 2022

Consolidated Statement of Profit and Loss for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | Note No. | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|---|----------|------------------------------------|------------------------------------|
| I INCOME | | | |
| (a) Revenue from Operations | 22 | 3,24,042 | 1,98,819 |
| (b) Other Income | 23 | 5,188 | 2,489 |
| Total Income | | 3,29,230 | 2,01,308 |
| II EXPENSES | | | |
| (a) Cost of Materials consumed | | 2,58,143 | 1,52,036 |
| (b) Changes in Inventories of Finished Goods and Work-in-progress | 24 | 3,778 | (2,665) |
| (c) Employee benefits expense | 25 | 36,808 | 35,115 |
| (d) Finance costs | 26 | 4,104 | 2,822 |
| (e) Depreciation and Amortization expense | 27 | 19,094 | 17,367 |
| (f) Other expenses | 28 | 26,878 | 26,319 |
| (g) Expenditure included in the above items capitalised | | (8,278) | (13,296) |
| Total Expenses | | 3,40,527 | 2,17,698 |
| III Profit / (Loss) before share of Profit / (Loss) of Joint Venture and exceptional items | | (11,297) | (16,390) |
| IV Share of Profit / (Loss) of Joint Venture | | (1,667) | (1,195) |
| V Profit / (Loss) before exceptional items and tax | | (12,964) | (17,585) |
| VI Exceptional Items | | -- | -- |
| VII Profit / (Loss) Before Tax | | (12,964) | (17,585) |
| VIII Tax Expense | 8 | | |
| (a) Current tax | | 10 | 10 |
| (b) Deferred tax | | (3,874) | (5,241) |
| (c) Taxation in respect of earlier years | | (1) | --* |
| Total Tax Expense | | (3,865) | (5,231) |
| IX Profit / (Loss) for the year | | (9,099) | (12,354) |
| X Attributable to | | | |
| (a) Owners of the Company | | (9,108) | (12,363) |
| (b) Non-controlling interest | 21 | 9 | 9 |
| | | (9,099) | (12,354) |
| XI Other Comprehensive Income | | | |
| (a) Items that will not be reclassified to Profit or Loss | | | |
| (i) Re-measurements of net defined benefit liability | | 477 | 271 |
| (ii) Equity instrument through Other Comprehensive Income | | 515 | 897 |
| (iii) Share of Other Comprehensive Income of Joint Venture | | 8 | 2 |
| | | 1,000 | 1,170 |
| (b) Income tax relating to items that will not be reclassified to Profit or Loss | | | |
| (i) Taxes on re-measurements of net defined benefit liability | | (167) | (94) |
| (ii) Taxes on Equity instrument through Other Comprehensive Income | | (60) | (93) |
| (iii) Share in taxes on Other Comprehensive Income of Joint Venture | | (2) | (1) |
| | | (229) | (188) |
| Total Other Comprehensive Income | | 771 | 982 |
| XII Total Comprehensive Income for the year (Comprising Profit / (Loss) and Other Comprehensive Income for the year) | | (8,328) | (11,372) |
| XIII Attributable to | | | |
| (a) Owners of the Company | | (8,337) | (11,381) |
| (b) Non-controlling interest | 21 | 9 | 9 |
| | | (8,328) | (11,372) |
| XIV Basic and Diluted Earnings per Equity Share | | | |
| [Nominal value per share ₹ 10] ₹ | 29 | (69.13) | (93.83) |

--* Denotes amount less than ₹ 50,000/-

See accompanying notes forming part of the Consolidated Financial Statements

As per our separate report of even date.

On behalf of the Board of Directors

Abhaykumar Firodia
 Chairman

For Kirtane & Pandit LLP
 Chartered Accountants
 [FRN : 105215W/W100057]

Sanjay Kumar Bohra
 Chief Financial Officer

Suhas Deshpande
 Partner
 Membership No. : 031787

Gaurav Deshmukh
 Company Secretary

 Place : Pune
 Date : 27th May 2022

 Place : Pune
 Date : 27th May 2022

Consolidated Statement of Changes in Equity for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

A. Equity Share Capital

| | | | | |
|------------------------------|--|---------------------------------------|---|--------------------------------------|
| Balance as at 1st April 2020 | Changes in Equity Share Capital due to prior period errors | Restated balance as at 1st April 2020 | Changes in Equity Share Capital during the year | Balance as at 31st March 2021 |
| 1,318 | -- | 1,318 | -- | 1,318 |
| Balance as at 1st April 2021 | Changes in Equity Share Capital due to prior period errors | Restated balance as at 1st April 2021 | Changes in Equity Share Capital during the year | Balance as at 31st March 2022 |
| 1,318 | -- | 1,318 | -- | 1,318 |

B. Other Equity

| Particulars | Reserves and Surplus | | | Equity Instruments through Other Comprehensive Income | Total | Non-controlling Interest |
|---|----------------------|-----------------|-------------------|---|-----------------|--------------------------|
| | Securities Premium | General Reserve | Retained Earnings | | | |
| Balance as at 1st April 2020 | 5,920 | 34,696 | 1,53,505 | 1,095 | 1,95,216 | 181 |
| Profit / (Loss) for the year | -- | -- | (12,363) | -- | (12,363) | 9 |
| Other Comprehensive Income (Net of tax) | -- | -- | 178 | 804 | 982 | -- |
| Dividends | -- | -- | (1,318) | -- | (1,318) | -- |
| Share in Cost of issue of shares of Joint Venture | -- | -- | (52) | -- | (52) | -- |
| Transfer to General Reserve | -- | 5 | (5) | -- | -- | -- |
| Balance as at 31st March 2021 | 5,920 | 34,701 | 1,39,945 | 1,899 | 1,82,465 | 190 |
| Balance as at 1st April 2021 | 5,920 | 34,701 | 1,39,945 | 1,899 | 1,82,465 | 190 |
| Profit / (Loss) for the year | -- | -- | (9,108) | -- | (9,108) | 9 |
| Other Comprehensive Income (Net of tax) | -- | -- | 316 | 455 | 771 | -- |
| Dividends | -- | -- | (659) | -- | (659) | -- |
| Transfer to General Reserve | -- | 5 | (5) | -- | -- | -- |
| Balance as at 31st March 2022 | 5,920 | 34,706 | 1,30,489 | 2,354 | 1,73,469 | 199 |

As per our separate report of even date.

For Kirtane & Pandit LLP
 Chartered Accountants
 [FRN : 105215W/W100057]

Suhas Deshpande
 Partner
 Membership No. : 031787

 Place : Pune
 Date : 27th May 2022

Sanjay Kumar Bohra
 Chief Financial Officer

Gaurav Deshmukh
 Company Secretary

 Place : Pune
 Date : 27th May 2022

On behalf of the Board of Directors

Abhaykumar Firodia
 Chairman

Consolidated Statement of Cash Flows for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|---|--|--|
| A. Cash flow from Operating Activities | | |
| Profit / (Loss) before tax | (12,964) | (17,585) |
| Adjustments for | | |
| Depreciation and Amortization expense | 19,094 | 17,367 |
| Net exchange differences (unrealised) | (250) | (394) |
| Interest Income | (14) | (311) |
| Dividend income on Equity Securities | (7) | -- |
| Loss / (Gain) on disposal of Property, Plant and Equipment | (72) | 2,225 |
| Finance Costs | 4,104 | 2,822 |
| Inventory write down | 37 | 240 |
| Share of (Profit) / Loss in Joint Venture | 1,667 | 1,195 |
| Operating Profit before Working Capital adjustments | 11,595 | 5,559 |
| Working Capital adjustments | | |
| Increase / Decrease in | | |
| Trade Receivables | (6,340) | 4,337 |
| Inventories | (7,969) | (869) |
| Other Financial Assets | (45) | 96 |
| Other Non-financial Assets | (3,029) | (22) |
| Trade Payables | 7,612 | 1,048 |
| Financial Liabilities | (84) | 222 |
| Non-financial Liabilities | 2,144 | (8,180) |
| Provisions | (2,331) | (1,182) |
| Cash generated from Operations | 1,553 | 1,009 |
| Income Tax paid / Refund (Net) | 239 | (275) |
| Net cash flow from / (used in) Operating Activities | 1,792 | 734 |
| B. Cash flow from Investing Activities | | |
| Payments for Property, Plant and Equipment and Intangible Assets | (40,721) | (45,324) |
| Proceeds from sale of Property, Plant and Equipment and Intangible Assets | 6,583 | 80 |
| Withdrawal of deposits from Financial Institution | -- | 13,500 |
| Interest received | 9 | 1,031 |
| Investments in Joint Venture | (2,234) | (2,550) |
| Dividends received | 7 | -- |
| Net Cash flow from / (used in) Investing Activities | (36,356) | (33,263) |
| C. Cash flow from Financing Activities | | |
| Proceeds from / (Repayment of) borrowings (Net) | 42,916 | 33,474 |
| Interest paid | (3,998) | (2,811) |
| Dividends paid | (659) | (1,318) |
| Net Cash flow from / (used in) Financing Activities | 38,259 | 29,345 |
| Net increase / (decrease) in Cash and Cash equivalents | 3,695 | (3,184) |
| Cash and Cash equivalents at beginning of the financial year | 3,452 | 6,636 |
| Cash and Cash equivalents at end of the financial year | 7,147 | 3,452 |
| Cash and Cash equivalents as per Note 12 | 7,210 | 3,472 |
| Effects of exchange rate fluctuations on Cash and Cash equivalents held | (63) | (20) |
| | 7,147 | 3,452 |

As per our separate report of even date.

 For **Kirtane & Pandit LLP**

 Chartered Accountants
 [FRN : 105215W/W100057]

Suhas Deshpande

 Partner
 Membership No. : 031787

Place : Pune

Date : 27th May 2022

Sanjay Kumar Bohra
 Chief Financial Officer

Gaurav Deshmukh

Company Secretary

Place : Pune

Date : 27th May 2022

On behalf of the Board of Directors

Abhaykumar Firodia

Chairman

Notes to Consolidated Financial Statements for the year ended 31st March 2022

1. GROUP INFORMATION

Holding Company

Force Motors Limited (**the Company**) is a Public Limited Company domiciled and incorporated in India. The Registered Office of the Company is situated at Mumbai-Pune Road, Akurdi, Pune - 411035. The Company's ordinary shares are listed on the Bombay Stock Exchange.

The Company is a fully, vertically integrated automobile company, with expertise in design, development and manufacture of the full spectrum of automotive components, aggregates and vehicles. Its range of products includes Light Commercial Vehicles (LCV), Multi-Utility Vehicles (MUV), Small Commercial Vehicles (SCV), Special Vehicles (SV) and Agricultural Tractors.

Subsidiary Company

Tempo Finance (West) Private Limited, a Subsidiary Company of Force Motors Limited, is domiciled and incorporated in India, having its Registered Office at Mumbai-Pune Road, Akurdi, Pune - 411035. The Company is engaged in providing financial services.

The Holding Company, the Subsidiary Company together referred to as the Group.

Joint Venture Company

Force MTU Power Systems Private Limited (FMTU), is a Private Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. It is a joint venture between Force Motors Limited and Rolls-Royce Solutions GmbH. The Company is in the business of manufacturing Engines & Generator sets.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The financial statements of the Group comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [the Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(b) Basis of Preparation

The financial statements have been prepared on the historical cost basis, except certain financial instruments and defined benefit plans, which are measured at fair values.

(c) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company, its subsidiary and Joint Venture, being the entities that it controls. Control is evidenced where the Group has power over the investee or is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to effect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns.

The consolidated financial statements include results of the subsidiary company, consolidated in accordance with Ind AS 110 (Consolidated Financial Statements) and Ind AS 28 (Investment in Associates and Joint Ventures).

Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The results, assets and liabilities of a joint venture are incorporated in these financial statements using the equity method of accounting.

(d) Revenue Recognition

(i) Sales :

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of Value Added Taxes, Goods and Service Taxes (GST), Returns, Discounts, Rebates and Incentives. The Group recognizes revenue, when it has transferred to the buyer the significant risks and rewards associated with the ownership of goods no significant performance obligation is pending and the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group.

(ii) Other Incomes :

Other incomes are recognized when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably.

(e) Inventories

Inventories are valued at lower of their cost or net realizable value. The cost of raw materials, stores and consumables is measured on moving weighted average basis.

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost or net realizable value. Cost is determined on the basis of the weighted average method.

Finished Goods and work-in-progress are carried at cost or net realizable value, whichever is lower.

Stores, spares and tools other than obsolete and slow moving items are carried at cost. Obsolete and slow moving items are valued at cost or estimated net realizable value, whichever is lower.

(f) Property, Plant and Equipment

Property, plant and equipment, except land, are carried at historical cost of acquisition, construction or manufacturing cost, as the case may be, less accumulated depreciation and amortization. Freehold land is carried at cost of acquisition.

Cost represents all expenses directly attributable to bringing the asset to its working condition capable of operating in the manner intended.

Costs incurred to manufacture property, plant and equipment and intangibles are reduced from the total expense under the head 'Expenditure included in above items capitalised' in the Statement of Profit and Loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at regular intervals and adjusted prospectively, if appropriate.

(g) Intangible Assets

Intangible Assets acquired are stated at acquisition cost, less accumulated amortization and impaired losses, if any.

Notes to Consolidated Financial Statements for the year ended 31st March 2022

Intangible Assets internally generated

Expenditure incurred by the Group on development of know-how researched, is recognised as an intangible asset, if and only if the future economic benefits attributable to the use of such know-how are probable to flow to the Group and the costs/expenditure can be measured reliably.

(h) Investment Property

Investment property is measured at cost less accumulated depreciation.

(i) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(j) Depreciation & Amortization

(i) Property, Plant and Equipment

- The Depreciation on Property, Plant and Equipment is provided on straight-line method and as per Schedule-II to the Companies Act, 2013.
- Leasehold land is amortized over the period of lease.

(ii) Intangible Assets

- Software and their implementation costs are written off over the period of 5 years.
- Technical Know-how acquired and internally generated is amortized over the useful life of the assets, not exceeding 10 years.

(k) Borrowing Costs

Cost of borrowings incurred for acquisition, construction or production of qualifying asset is capitalized.

(l) Research and Development Expenses

Revenue expenditure on Research and Development is charged off as an expense in the year in which it is incurred and capital expenditure is grouped with Assets under appropriate heads and depreciation is provided as per rates applicable.

(m) Leases

The Company has applied Ind AS-116 Leases from the accounting periods beginning from 1st April 2019 using the modified retrospective approach.

(i) Where the Group is the Lessee

- The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
- The right-of-use asset is subsequently depreciated using the straight-line method over the useful life of the right-of-use asset or the end of the lease term.

Short-term leases and leases of low-value assets

- The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Where the Group is the Lessor

Lease rentals are recognized in the Statement of Profit and Loss. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss.

(n) Earnings per Share

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the period.

(o) Foreign currency transactions

Transactions and balances

- (i) Foreign Currency transactions are recorded at the rate of exchange on the date of the transaction.
- (ii) Monetary items of Assets and Liabilities booked in foreign currency are translated in to rupee at the exchange rate prevailing at the Balance Sheet date.
- (iii) Exchange difference resulting from settlement of such transaction and from translation of monetary items of Assets and Liabilities are recognized in the Statement of Profit and Loss.
- (iv) Exchange difference arising on translation of foreign currency liabilities for acquisition of Property, Plant and Equipments are adjusted to the Statement of Profit and Loss.
- (v) The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance.

(p) Functional and presentation currency

These financial statements are presented in Indian Rupees, which is the Group's functional currency. All amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs, unless otherwise stated.

(q) Employee Benefits

Defined benefit plans

- (i) The accruing liability of Gratuity is covered by Employees Group Gratuity Scheme of Life Insurance Corporation of India (LIC) and the premium is accounted for in the year of accrual. The additional liability, if any, due to deficit in the Plan assets managed by LIC as compared to the present value of accrued liability on the basis of actuarial valuation, is recognized and provided for.
- (ii) Provident fund contributions are made to Group's Provident Fund Trust. The contributions are accounted for as defined benefit plans and are recognized as employee benefits expense when they are due. Deficits, if any, of the fund as compared to liability on the basis of an independent actuarial valuation is to be additionally contributed by the Group.
- (iii) Current service cost and net interest on defined benefit obligation are directly recognized in the Statement of Profit and Loss.
- (iv) Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Notes to Consolidated Financial Statements for the year ended 31st March 2022

Defined contribution plans

- (i) The Group's superannuation scheme is a defined contribution plan. The contributions are recognized as employee benefit expenses when they are due.
- (ii) Benefits in respect of compensated absence payable after 12 months are provided for, based on valuation, as at the Balance Sheet date, made by independent actuaries.
- (iii) Defined contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority and recognized as expense as and when due.

(r) Hire Purchase

The Group follows Equated Balance Method for the implicit rate for accounting the income from Hire Purchase. Directions and guidelines issued by the Reserve Bank of India in respect of income recognition, asset classification and provision for bad and doubtful debts have been followed.

(s) Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements. Deferred tax liabilities are recognized for all deductible temporary differences. Deferred tax assets are recognized to the extent it is probable that future taxable income will be available against which the deductible temporary differences could be utilized. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred taxes are recognized in profit or loss, except to the extent that it relate to the items that are recognized in other comprehensive income or directly in equity, in this case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax against which the MAT paid will be adjusted.

(t) Provisions and Contingent Liabilities

(i) Provision

A provision is recorded when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled as and when warranty claims will arise. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

(ii) Contingent liability

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

(u) Incentives

Incentives receivable / received are disclosed as "Other Income", in the Financial Statements.

(v) Financial instruments

Equity investments at fair value through other comprehensive income

These include financial assets that are equity instruments and are irrevocably designated as such upon initial recognition. Subsequently, these are measured at fair value and changes therein are recognized directly in other comprehensive income, net of applicable income taxes.

Dividends from these equity investments are recognized in the Statement of Profit and Loss, when the right to receive payment has been established. When the equity investment is derecognized, the cumulative gain or loss in equity is transferred to retained earnings.

(w) Fair value measurement

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as:

- **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.

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

(x) Use of estimates and judgements

Detailed information about accounting judgements, estimates and assumption is included in the relevant notes.

- (i) Estimation of defined benefit obligation - refer Note 37.
- (ii) Estimation of provision for warranty claims - refer Note 18.
- (iii) Estimated useful life of property, plant and equipments - refer Note 2 (j) (i) above.
- (iv) Estimated useful life of intangible assets - refer Note 2(j) (ii) above.
- (v) Estimation of provision for Tax expenses - refer 2 (s) above.

Estimation and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(y) Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st 2022, as below. The Company is evaluating the impact of these pronouncements on the financial statements.

- (i) Ind AS 103 - Reference to Conceptual Framework
- (ii) Ind AS 16 - Proceeds before intended use
- (iii) Ind AS 37 - Onerous Contracts - Costs of Fulfilling a Contract
- (iv) Ind AS 109 - Ind AS 109 Financial Instruments (Annual Improvements to Ind AS (2021)
- (v) Ind As 106 Exploration for and Evaluation of Mineral Resources (Annual Improvements to Ind AS (2021)

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

| Particulars | Land | | Buildings | Plant & Equipment | Furniture & Fixtures | Vehicles | Office Equipment | Aircrafts | Total | Capital Work-in-Progress |
|--------------------------------------|------------|--------------|---------------|-------------------|----------------------|--------------|------------------|--------------|-----------------|--------------------------|
| | Freehold | Leasehold | | | | | | | | |
| Gross carrying amount | | | | | | | | | | |
| Balance as at 1st April 2021 | 868 | 2,553 | 31,906 | 2,03,431 | 2,070 | 5,086 | 1,266 | 4,668 | 2,51,848 | 36,873 |
| Additions | -- | -- | 1,539 | 68,383 | 5 | 504 | 40 | -- | 70,471 | 6,730 |
| Disposals / Adjustments | -- | -- | -- | 626 | 3 | 371 | 8 | -- | 1,008 | 28,038 |
| Balance as at 31st March 2022 | 868 | 2,553 | 33,445 | 2,71,188 | 2,072 | 5,219 | 1,298 | 4,668 | 3,21,311 | 15,565 |
| Accumulated depreciation | | | | | | | | | | |
| Balance as at 1st April 2021 | -- | 155 | 11,058 | 1,33,239 | 1,243 | 2,703 | 966 | 1,212 | 1,50,576 | |
| Depreciation for the year | -- | 32 | 1,165 | 12,524 | 142 | 449 | 96 | 222 | 14,630 | |
| Disposals / Adjustments | -- | -- | -- | 609 | 1 | 164 | 6 | -- | 780 | |
| Balance as at 31st March 2022 | -- | 187 | 12,223 | 1,45,154 | 1,384 | 2,988 | 1,056 | 1,434 | 1,64,426 | |
| Carrying amounts (Net) | | | | | | | | | | |
| As at 31st March 2022 | 868 | 2,366 | 21,222 | 1,26,034 | 688 | 2,231 | 242 | 3,234 | 1,56,885 | 15,565 |
| As at 31st March 2021 | 868 | 2,398 | 20,848 | 70,192 | 827 | 2,383 | 300 | 3,456 | 1,01,272 | 36,873 |

Notes :

- Refer to Note 35 for Lease.
- Refer to Note 31 (b) for disclosure of contractual commitments for the acquisition of Property, Plant & Equipment.
- Capital Work-in-progress mainly comprises Plant & Equipment.
- The Title Deeds of Immovable Properties are held in name of the Company.
- The Company has not revalued its Property, Plant and Equipment as at 31st March 2022.
- Please refer Note No.5(a)(i) for aging schedule of Capital Work-in-Progress.

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

4. INVESTMENT PROPERTY

| Particulars | Industrial Shed |
|--------------------------------------|-----------------|
| Gross carrying amount | |
| Balance as at 1st April 2021 | 794 |
| Additions | -- |
| Disposals / Adjustments | -- |
| Balance as at 31st March 2022 | 794 |
| Accumulated depreciation | |
| Balance as at 1st April 2021 | 264 |
| Depreciation for the year | 24 |
| Disposals / Adjustments | -- |
| Balance as at 31st March 2022 | 288 |
| Carrying amounts (Net) | |
| As at 31st March 2022 | 506 |
| As at 31st March 2021 | 530 |

Information regarding income and expenditure of Investment Property

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|--|-----------------------|-----------------------|
| Rental income derived from investment property | -- | -- |
| Direct operating expenses (including repairs and maintenance) generating rental income | --* | --* |
| Income arising from investment property before depreciation and indirect expenses | --* | --* |
| Less : Depreciation | 24 | 24 |
| Income from investment property | (24) | (24) |

Leasing arrangements

The Group's investment property consists of industrial property situated at Chakan, Pune. Refer Note 35 (a).

Fair Value

The Group's investment property is at a location where active market is available for similar kind of properties. Hence, fair value is ascertained on the basis of market rates prevailing for similar properties in those location, instead of valuation by a registered valuer, and consequently classified as a Level-2 valuation.

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|---------------------|-----------------------|-----------------------|
| Industrial Property | 2,902 | 2,902 |

Reconciliation of fair value

| Particulars | Industrial Property |
|--------------------------------------|---------------------|
| Balance as at 1st April 2021 | 2,902 |
| Change in fair value | -- |
| Balance as at 31st March 2022 | 2,902 |

--* Denotes amount less than ₹ 50,000/-

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

5. INTANGIBLE ASSETS

| Particulars | Software | Technical Know-how acquired | Technical Know-how acquired upto 1st April 2003 | Technical Know-how internally generated | Total | Intangible Assets under development |
|--------------------------------------|--------------|-----------------------------|---|---|---------------|-------------------------------------|
| Gross carrying amount | | | | | | |
| Balance as at 1st April 2021 | 5,143 | 6,049 | 822 | 27,639 | 39,653 | 35,612 |
| Additions | 100 | 5,804 | -- | 23,899 | 29,803 | 2,815 |
| Disposals / Adjustments | -- | -- | -- | -- | -- | 23,777 |
| Balance as at 31st March 2022 | 5,243 | 11,853 | 822 | 51,538 | 69,456 | 14,650 |
| Accumulated Amortization | | | | | | |
| Balance as at 1st April 2021 | 4,277 | 5,033 | 822 | 8,972 | 19,104 | -- |
| Amortization for the year | 422 | 563 | -- | 3,455 | 4,440 | -- |
| Disposals / Adjustments | -- | -- | -- | -- | -- | -- |
| Balance as at 31st March 2022 | 4,699 | 5,596 | 822 | 12,427 | 23,544 | -- |
| Carrying amounts (Net) | | | | | | |
| As at 31st March 2022 | 544 | 6,257 | -- | 39,111 | 45,912 | 14,650 |
| As at 31st March 2021 | 866 | 1,016 | -- | 18,667 | 20,549 | 35,612 |

Notes :

- (a) Intangible Assets under development mainly comprises internally generated technical know-how.
- (b) The Company has not revalued its Intangible Assets as at 31st March 2022.
- (c) Please refer Note No.5(a) (ii) for aging schedule of Intangible Assets under Development.

5(a) Aging Schedule for Capital Work-in-Progress (CWIP) and Intangible Assets under Development :
(i) Aging schedule of Capital Work-in-Progress :

| Sr. No. | CWIP | Amount in CWIP for a period of | | | | Total |
|---------|--|--------------------------------|------------|------------|--------------|---------------|
| | | < 1 year | 1-2 years | 2-3 years | > 3 years | |
| 1 | Projects in progress as at 31.03.2022 | 6,780 | 732 | 245 | 7,808 | 15,565 |
| 2 | Projects in progress as at 31.03.2021 | 22,323 | 2,231 | 4,065 | 8,254 | 36,873 |

(ii) Aging schedule of Intangible Assets under development :

| Sr. No. | Intangible Assets under development | Amount in CWIP for a period of | | | | Total |
|---------|--|--------------------------------|--------------|--------------|--------------|---------------|
| | | < 1 year | 1-2 years | 2-3 years | > 3 years | |
| 1 | Projects in progress as at 31.03.2022 | 2,842 | 3,343 | 2,826 | 5,639 | 14,650 |
| 2 | Projects in progress as at 31.03.2021 | 8,887 | 11,119 | 4,718 | 10,888 | 35,612 |

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

6. FINANCIAL ASSETS : INVESTMENTS (NON-CURRENT)

| | <u>As at 31st March 2022</u> | <u>As at 31st March 2021</u> |
|---|----------------------------------|----------------------------------|
| A. Investments at fair value through Other Comprehensive Income (FVTOCI) | | |
| (a) Unquoted Equity Shares (fully paid) | | |
| (i) 1 (31st March 2021 : 1) Equity Share of ₹ 10/-, fully paid in MAN Truck & Bus India Pvt. Ltd. | --* | --* |
| (ii) 50,000 (31st March 2021 : 50,000) Equity Shares of ₹ 10/- each, fully paid in Pithampur Auto Cluster Ltd. | 5 | 5 |
| (iii) 5 (31st March 2021 : 5) Equity Shares of ₹ 50/- each, fully paid in Mittal Tower Premises Co-operative Society Ltd. | --* | --* |
| (b) Quoted Equity Shares (fully paid) | | |
| 3,47,187 (31st March 2021 : 3,47,187) Equity Shares of ₹ 2/- each, fully paid in ICICI Bank Ltd. | 2,535 | 2,021 |
| Total FVTOCI Investments | <u>2,540</u> | <u>2,026</u> |
| B. Investment at Cost | | |
| Unquoted Equity Shares (fully paid) | | |
| In Joint Venture | | |
| 12,75,00,000 (31st March 2021 : 10,51,62,000) Equity Shares of ₹ 10/- each, fully paid in Force MTU Power Systems Pvt. Ltd. (Refer Note 48) | 8,537 | 7,964 |
| Total Investments | <u>11,077</u> | <u>9,990</u> |
| Aggregate book value of quoted investments | 2,535 | 2,021 |
| Aggregate market value of quoted investments | 2,535 | 2,021 |
| Aggregate value of unquoted investments | 8,542 | 7,969 |
| Aggregate amount of impairment in the value of investments | -- | -- |

The fair value of the investments in unquoted equity shares have been estimated using valuation technique which approximates its carrying value.

For determination of fair values of quoted equity investments, the investments classified as FVTOCI. Refer Note 38.

--* Denotes amount less than ₹ 50,000/-

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

7. FINANCIAL ASSETS : LOANS AND ADVANCES

| | <u>As at 31st March 2022</u> | <u>As at 31st March 2021</u> |
|--|----------------------------------|----------------------------------|
| Non-current | | |
| (a) Security Deposits | | |
| (i) Considered Good - Unsecured | 1,555 | 1,505 |
| (ii) Which have significant increase in Credit Risk (Doubtful) | -- | -- |
| (b) Other Loans and Advances | | |
| (i) Considered Good - Unsecured | 1 | 2 |
| (ii) Which have significant increase in Credit Risk (Doubtful) | -- | -- |
| | <u>1</u> | <u>2</u> |
| Less : Allowances for expected credit losses | -- | -- |
| | <u>1</u> | <u>2</u> |
| Total Non-current Loans and Advances | <u>1,556</u> | <u>1,507</u> |
| Current | | |
| (a) Security Deposits | | |
| Considered Good - Unsecured | 45 | 45 |
| (b) Other Loans and Advances | | |
| (i) Considered Good - Unsecured | 10 | 62 |
| (ii) Credit impaired (Doubtful) | -- | -- |
| | <u>55</u> | <u>107</u> |
| Total Current Loans and Advances | <u>55</u> | <u>107</u> |
| Total Loans and Advances | <u>1,611</u> | <u>1,614</u> |

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

8. CURRENT AND DEFERRED TAX

| | As at 31st March 2022 | As at 31st March 2021 |
|---|----------------------------------|----------------------------------|
| A. Statement of Profit or Loss | | |
| (a) Current Tax | | |
| (i) Current Income Tax charge | 10 | 10 |
| (ii) Taxation in respect of earlier years | (1) | --* |
| (b) Deferred Tax | | |
| Relating to origination and reversal of temporary differences | (3,874) | (5,241) |
| Income Tax expense reported in the Statement of Profit and Loss | (3,865) | (5,231) |
| (c) Other Comprehensive Income (OCI) | | |
| Deferred tax related to items recognized in OCI during the year | | |
| (i) Re-measurements on defined benefit plan | (167) | (94) |
| (ii) Quoted Equity Instruments | (60) | (93) |
| Income Tax recognized in OCI | (227) | (187) |
| | As at 31st March 2022 | As at 31st March 2021 |
| B. Balance Sheet | | |
| (a) Current Tax Assets | | |
| Advance Income Tax | 1,051 | 1,298 |
| Total Current Tax Assets (Net) | 1,051 | 1,298 |
| (b) Current Tax Liabilities | | |
| Provision for Income Tax | -- | -- |
| Total Current Tax Liabilities (Net) | -- | -- |
| (c) Deferred Tax | | |
| (i) Deferred Tax Assets (DTA) | 42,689 | 31,381 |
| (ii) Deferred Tax Liabilities (DTL) | (33,281) | (25,621) |
| Net Deferred Tax Assets / (Liabilities) | 9,408 | 5,760 |
| Reconciliation of tax expense and the accounting profit for the year ended 31st March 2022 and 31st March 2021 | | |
| | As at 31st March 2022 | As at 31st March 2021 |
| Accounting Profit / (Loss) Before Tax | (12,964) | (17,585) |
| (a) Tax as per Income Tax Act | (3,951) | (5,731) |
| (b) Tax Expense | | |
| (i) Current Tax | 10 | 10 |
| (ii) Deferred Tax | (3,874) | (5,241) |
| (iii) Taxation in respect of earlier years | (1) | --* |
| Total Tax Expense | (3,865) | (5,231) |
| (c) Difference (a-b) | (86) | (500) |
| (d) Tax Reconciliation | | |
| (i) Permanent Dis-allowances | (49) | (474) |
| (ii) Allowances and accelerated deductions | (38) | (26) |
| (iii) MAT credit | -- | -- |
| (iv) Taxation in respect of earlier years | 1 | --* |
| Total | (86) | (500) |

--* Denotes amount less than ₹ 50,000/-

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

Deferred Tax Assets and Liabilities are as follows :

| | Balance Sheet | |
|---|----------------------------------|----------------------------------|
| | As at 31st March 2022 | As at 31st March 2021 |
| Deferred Tax Assets / (Liabilities) in relation to | | |
| Deferred Tax relates to the following : DTA / (DTL) | | |
| (a) Property, Plant and Equipment | (33,124) | (25,521) |
| (b) Provision for doubtful advances | 52 | 52 |
| (c) Dis-allowance u/s 43B of the Income Tax Act | 1,563 | 1,686 |
| (d) Prepaid taxes claimed u/s 43B | (4) | (7) |
| (e) Carry forward Income tax loss | 22,434 | 11,001 |
| (f) MAT credit entitlement | 18,640 | 18,640 |
| (g) Quoted Equity Instrument through Other Comprehensive Income | (153) | (93) |
| (h) Unquoted Equity Instrument through Other Comprehensive Income | -- | 2 |
| Net Deferred Tax Assets / (Liabilities) | 9,408 | 5,760 |

Significant components of net Deferred Tax Assets and Liabilities for the year ended 31st March 2022 are as follows :

| Movement in temporary differences | As at 1st April 2021 | Recognized in Profit or Loss during 2021-22 | Recognized in Other Comprehensive Income during 2021-22 | As at 31st March 2022 |
|---|-------------------------------------|--|--|--------------------------------------|
| Property, Plant and Equipment | (25,521) | (7,603) | -- | (33,124) |
| Provision for doubtful advances | 52 | -- | -- | 52 |
| Dis-allowance u/s 43B of the Income Tax Act | 1,686 | 44 | (167) | 1,563 |
| Prepaid taxes claimed u/s 43B | (7) | 3 | -- | (4) |
| Carry forward Income tax loss | 11,001 | 11,433 | -- | 22,434 |
| MAT credit entitlement | 18,640 | -- | -- | 18,640 |
| Quoted Equity Instrument through Other Comprehensive Income | (93) | -- | (60) | (153) |
| Unquoted Equity Instrument through Other Comprehensive Income | 2 | (2) | -- | -- |
| | 5,760 | 3,874 | (227) | 9,408 |

The deferred tax liability on taxable temporary difference relating to investment in subsidiary is not provided since the Group is able to control the timing of the reversal of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. The deferred tax liability of ₹107 Lakhs (31st March 2021: ₹ 100 Lakhs) has not been recognized.

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

9. OTHER ASSETS

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| Non-current | | |
| (a) Capital Advances | | |
| Considered Good - Unsecured | 7,846 | 23,477 |
| Total Non-current Other Assets | 7,846 | 23,477 |
| Current | | |
| (a) Advances recoverable in cash or kind (includes Govt. Incentives, Taxes, Refunds, etc.) | | |
| (i) Considered Good - Unsecured | 10,558 | 8,097 |
| (ii) Doubtful | 108 | 108 |
| | 10,666 | 8,205 |
| Less : Provision for doubtful advances | 108 | 108 |
| | 10,558 | 8,097 |
| (b) Gratuity Asset (Refer Note No. 37) (excess of funded value over liability) | 569 | -- |
| Total Current Other Assets | 11,127 | 8,097 |
| Total Other Assets | 18,973 | 31,574 |

10. INVENTORIES (CURRENT)

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| (a) Raw Materials and Components* | 46,822 | 35,121 |
| (b) Finished goods | 7,414 | 12,688 |
| (c) Work-in-progress | 6,722 | 5,226 |
| (d) Stores and spares | 2,755 | 2,747 |
| * [Include Goods in transit : ₹ 14,662 Lakhs (31st March 2021 : ₹ 10,144 Lakhs)] | | |
| Total Inventories | 63,713 | 55,782 |

The write-down of inventories to net realisable value during the year amounted to ₹ 37 Lakhs (31st March 2021 : ₹ 240 Lakhs). The write-down are included in the cost of material consumed or changes in inventories of finished goods and work-in-progress.

11. TRADE RECEIVABLES (CURRENT)

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| (a) Considered Good - Unsecured | 18,938 | 12,599 |
| (b) Which have significant increase in Credit Risk (Doubtful) | 40 | 40 |
| | 18,978 | 12,639 |
| Less : Provision for Doubtful Receivables | 40 | 40 |
| Total Trade Receivables (Refer Note No. 11 (a) for aging schedule) | 18,938 | 12,599 |

Trade Receivables are not credit impaired.

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

Note No. 11 (a) : Trade Receivables aging schedule :

| As on 31st March 2022 | | | | | | | | | | | |
|-----------------------|---|------------------------------------|--------------------------------|---------------|--|-------------------------|------------------|------------------|----------------|--------------|---------------------------------|
| Sr. No. | Particulars | Total Receivables 1 = 2 + 3 + 9 | Unbilled (net of advance) 2 | Not due 3 | Outstanding for following periods from due date of payment | | | | | | Total Outstanding 9 = 4 to 8 |
| | | | | | < 6 months 4 | 6 months to 1 year 5 | 1 - 2 years 6 | 2 - 3 years 7 | > 3 years 8 | | |
| (a) | Undisputed Trade Receivables | | | | | | | | | | |
| | (i) considered good | 18,938 | 2,464 | 11,331 | 3,308 | 506 | 872 | 172 | 285 | 5,143 | |
| | (ii) which have significant increase in credit risk | 40 | -- | -- | -- | -- | -- | -- | 40 | 40 | |
| | (iii) credit impaired | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| (b) | Disputed Trade Receivables | | | | | | | | | | |
| | (i) considered good | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| | (ii) which have significant increase in credit risk | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| | (iii) credit impaired | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| | Sub Total | 18,978 | 2,464 | 11,331 | 3,308 | 506 | 872 | 172 | 325 | 5,183 | |
| | Less: Provision for doubtful debts | 40 | -- | -- | -- | -- | -- | -- | 40 | 40 | |
| | Total Trade Receivables | 18,938 | 2,464 | 11,331 | 3,308 | 506 | 872 | 172 | 285 | 5,143 | |

| As on 31st March 2021 | | | | | | | | | | | |
|-----------------------|---|------------------------------------|--------------------------------|--------------|--|-------------------------|------------------|------------------|----------------|--------------|---------------------------------|
| Sr. No. | Particulars | Total Receivables 1 = 2 + 3 + 9 | Unbilled (net of advance) 2 | Not due 3 | Outstanding for following periods from due date of payment | | | | | | Total Outstanding 9 = 4 to 8 |
| | | | | | < 6 months 4 | 6 months to 1 year 5 | 1 - 2 years 6 | 2 - 3 years 7 | > 3 years 8 | | |
| (a) | Undisputed Trade Receivables | | | | | | | | | | |
| | (i) considered good | 12,599 | -- | 5,157 | 6,296 | 665 | 194 | 36 | 251 | 7,442 | |
| | (ii) which have significant increase in credit risk | 40 | -- | -- | -- | -- | -- | -- | 40 | 40 | |
| | (iii) credit impaired | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| (b) | Disputed Trade Receivables | | | | | | | | | | |
| | (i) considered good | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| | (ii) which have significant increase in credit risk | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| | (iii) credit impaired | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| | Sub Total | 12,639 | -- | 5,157 | 6,296 | 665 | 194 | 36 | 291 | 7,482 | |
| | Less: Provision for doubtful debts | 40 | -- | -- | -- | -- | -- | -- | 40 | 40 | |
| | Total Trade Receivables | 12,599 | -- | 5,157 | 6,296 | 665 | 194 | 36 | 251 | 7,442 | |

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

12. CASH AND CASH EQUIVALENTS (CURRENT)

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| (a) Cash and Cash equivalents | | |
| (i) Balances with Banks | 6,981 | 3,215 |
| (ii) Short term deposits with Banks | 224 | 253 |
| (iii) Cheques on hand | --* | -- |
| (iv) Cash on hand | 5 | 4 |
| | 7,210 | 3,472 |
| (b) Other Bank balances | | |
| (i) Unpaid Dividend Accounts | 61 | 62 |
| (ii) Margin money and Security deposit | 160 | 164 |
| | 221 | 226 |
| Total Cash and Cash equivalents | 7,431 | 3,698 |

13. OTHER FINANCIAL ASSETS (CURRENT)

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| (a) Interest accrued on deposits | 24 | 15 |
| (b) Corporate deposits | 350 | 300 |
| (c) Receivables against sale of Capital Goods | -- | 6,283 |
| Total Other Financial Assets | 374 | 6,598 |

--* Denotes amount less than ₹ 50,000/-

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

14. EQUITY SHARE CAPITAL

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| Authorised | | |
| 2,00,00,000 (31st March 2021 : 2,00,00,000) Equity Shares of ₹ 10/- each | 2,000 | 2,000 |
| Issued | | |
| 1,32,13,802 (31st March 2021 : 1,32,13,802) Equity Shares of ₹ 10/- each | 1,321 | 1,321 |
| Subscribed and Paid-up | | |
| 1,31,76,262 (31st March 2021 : 1,31,76,262) Equity Shares of ₹ 10/- each fully paid up | 1,318 | 1,318 |
| [of the above 2,00,918 (31st March 2021 : 2,00,918) Equity Shares are allotted as fully paid shares pursuant to a contract without payment being received in cash and 57,29,934 (31st March 2021 : 57,29,934) Equity Shares are allotted as fully paid Bonus Shares by capitalisation of reserves] [These allotments were made before earlier financial year and not in the period of five years preceding 31st March 2022 or 31st March 2021]. | | |
| Add: Amount paid for Forfeited shares | --* | --* |
| Total Equity Share Capital | 1,318 | 1,318 |

Note : Offer on Right basis for 17,932 (31st March 2021 : 17,932) Equity Shares of ₹ 10/- each is kept in abeyance as per the provisions of Section 126 of the Act.

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period (Equity Shares of ₹ 10/- each)

| Particulars | As at 31st March 2022 | | As at 31st March 2021 | |
|---|-----------------------|--------|-----------------------|--------|
| | Number | Amount | Number | Amount |
| Shares outstanding at the beginning of the year | 1,31,76,262 | 1,318 | 1,31,76,262 | 1,318 |
| Issued / Reduction during the year | -- | -- | -- | -- |
| Shares outstanding at the end of the year | 1,31,76,262 | 1,318 | 1,31,76,262 | 1,318 |

(b) Terms / rights attached to Equity Shares

The Company has issued equity shares. All equity shares issued rank pari-passu in respect of distribution of dividend and repayment of capital. 1,30,32,914 Equity Shares are quoted equity shares with no restriction on transfer of shares. 27,600 Equity Shares are 'A' equity shares, which are transferrable only to permanent employees of the Company. 1,15,748 Equity Shares are Second 'A' equity shares which are transferrable to permanent employees, who have put in five years of service with the Company.

(c) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The Company is a subsidiary of Jaya Hind Industries Private Limited, which holds 57.38% (31st March 2021 : 57.38%), 75,59,928 (31st March 2021 : 75,59,928) shares in the Company.

(e) Details of shareholder holding more than 5% shares

| Name of the Shareholder | As at 31st March 2022 | | As at 31st March 2021 | |
|--------------------------------------|---|-----------------|---|-----------------|
| | No. of Shares of ₹ 10/- each fully paid | % of Holding | No. of Shares of ₹ 10/- each fully paid | % of Holding |
| Jaya Hind Industries Private Limited | 75,59,928 | 57.38% | 75,59,928 | 57.38% |

(f) Shareholding of Promoters

| Sr. No. | Promoter Name | Shares held by Promoters at the end of the year | | | | % change during the year ended 31st March 2022 |
|------------|--------------------------------|---|----------------------|-----------------------|----------------------|---|
| | | As at 31st March 2022 | | As at 31st March 2021 | | |
| | | No. of shares | % of total shares | No. of shares | % of total shares | |
| 1. | Jaya Hind Industries Pvt. Ltd. | 75,59,928 | 57.38% | 75,59,928 | 57.38% | -- |
| 2. | Mr. Abhaykumar Firodia | 2,64,351 | 2.01% | 2,64,351 | 2.01% | -- |
| 3. | Mr. Prasan Firodia | 2,20,763 | 1.68% | 2,20,763 | 1.68% | -- |

--* Denotes amount less than ₹ 50,000/-

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

15. OTHER EQUITY

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| I. Reserves and Surplus | | |
| (a) Securities Premium | 5,920 | 5,920 |
| (b) General Reserve | | |
| (i) Opening balance | 34,701 | 34,696 |
| (ii) Add : Transferred from retained earnings | 7 | 7 |
| | <u>34,708</u> | <u>34,703</u> |
| (iii) Less : Transferred to non-controlling interest | 2 | 2 |
| Closing balance | <u>34,706</u> | <u>34,701</u> |
| (c) Retained Earnings | | |
| (i) Opening balance | 1,39,945 | 1,53,505 |
| (ii) Net profit / (Loss) for the year | (9,099) | (12,354) |
| (iii) Comprehensive income for the year | 316 | 178 |
| | <u>1,31,162</u> | <u>1,41,329</u> |
| Adjustments | | |
| (i) Equity Dividend | 659 | 1,318 |
| (ii) Transfer to General Reserve | 7 | 7 |
| (iii) Share in Cost of issue of shares of Joint Venture | -- | 52 |
| | <u>1,30,496</u> | <u>1,39,952</u> |
| Less : Transferred to non-controlling interest | 7 | 7 |
| Closing Balance | <u>1,30,489</u> | <u>1,39,945</u> |
| II. Equity instruments through Other Comprehensive Income | | |
| Opening Balance | 1,899 | 1,095 |
| Adjustments | | |
| FVTOCI Equity Investments - change in fair value | 455 | 804 |
| Closing Balance | <u>2,354</u> | <u>1,899</u> |
| Total Other Equity | <u>1,73,469</u> | <u>1,82,465</u> |

- **Securities Premium** : The amount received in excess of face value of the equity shares is recognized in Securities Premium Account.
- **General Reserve** : General Reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed / utilised by the Group in accordance with the Companies Act, 2013.
- **Retained Earnings** : Retained earnings are the profits that the Group has earned till date.

16. FINANCIAL LIABILITIES: BORROWINGS

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| Non-current | | |
| (a) Loans from Bank (Secured) | 47,388 | 30,378 |
| (b) Non-convertible Debentures (Secured) | 12,667 | 19,000 |
| Total Non-current Borrowings | <u>60,055</u> | <u>49,378</u> |
| Current | | |
| (a) Loans repayable on demand | | |
| Working Capital Loan from Banks (Secured) | 6,000 | 3,000 |
| (b) Loans and Advances from related parties (Inter Corporate Deposits) | 15,000 | -- |
| (c) Current maturities of Non-current Borrowings | | |
| (i) Loans from Bank (Secured) | 19,494 | 11,864 |
| (ii) Non-convertible Debentures (Secured) | 6,333 | -- |
| Total Current maturities of Non-current Borrowings | <u>25,827</u> | <u>11,864</u> |
| Total Current Borrowings | <u>46,827</u> | <u>14,864</u> |
| Total Borrowings [Refer Note 39(b) for maturity pattern of Borrowings] | <u>1,06,882</u> | <u>64,242</u> |

- **Term Loans** are secured by hypothecation, by way of exclusive first charge on specific Plant and Machinery, being movable properties, secured as a continuing security for the repayment of Term Loans together with interest. The term loans are repayable in quarterly installments over a period upto six years, including moratorium.
- **Non-Convertible Debentures** : The Company has issued 190, 5.85% Secured unlisted rated redeemable non-convertible debentures of ₹ 100 Lakhs each, total amounting to ₹ 19,000 Lakhs, on 15th February 2021. The debentures are secured by way of first ranking exclusive charge over the specific movable fixed assets. The debentures are redeemable over a period of four years (including moratorium) starting from 15th May 2022.
- **Working Capital Loans** are secured by hypothecation of Company's stock of raw materials, work-in-progress, finished goods, consumable stores, spares, bills receivable and book debts, both present and future. The Fund Based Limits are payable on demand to the Banks.
- Inter corporate deposits from holding company are unsecured.
- The Company has used the borrowed funds for the specific purpose for which it was taken as at the balance sheet date.
- The quarterly returns or statements, of current assets, filed by the Company with Banks or financial institutions are in agreement with the Books of accounts of the Company.

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

17. OTHER FINANCIAL LIABILITIES

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| Current | | |
| (a) Deposits matured but not claimed | 1 | 2 |
| (b) Interest on Borrowings | | |
| (i) Accrued but not due on Loans | 300 | 194 |
| (ii) Accrued but not due on NCD | 137 | 137 |
| (iii) Accrued and due on unclaimed deposits | --* | --* |
| (c) Unclaimed dividend | 61 | 62 |
| (d) Creditors for Capital Goods | 5,166 | 3,513 |
| (e) Security deposits | 272 | 279 |
| (f) Other payables | 335 | 412 |
| Total Current Other Financial Liabilities | 6,272 | 4,599 |

18. PROVISIONS

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| Non-Current | | |
| (a) Provision for Employee benefits (Refer Note 37) | 2,653 | 2,923 |
| (b) Provision for Product Warranties | 38 | 28 |
| Total Non-current Provisions | 2,691 | 2,951 |
| Current | | |
| (a) Provision for Employee benefits (Refer Note 37) | 676 | 816 |
| (b) Provision for Product Warranties | 191 | 163 |
| (c) Provision for Other expenses | 11,952 | 14,389 |
| Total Current Provisions | 12,819 | 15,368 |
| Total Provisions | 15,510 | 18,319 |

The provision for warranties is based on the estimates made from the technical evaluation and historical data.

Movement in Product Warranties

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| Product Warranties | | |
| (a) Opening Balance | 191 | 324 |
| (b) Additional Provision made during the year | 191 | 140 |
| (c) Amount paid during the year | (140) | (205) |
| (d) Amount written back | (13) | (68) |
| Closing Balance | 229 | 191 |

--* Denotes amount less than ₹ 50,000/-

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

19. TRADE PAYABLES

| | As at 31st March 2022 | As at 31st March 2021 |
|--|----------------------------------|--------------------------|
| (a) Total outstanding dues of Micro and Small Enterprises | 384 | 242 |
| (b) Total outstanding dues of other than Micro and Small Enterprises | 51,307 | 43,765 |
| Total Trade Payables | 51,691 | 44,007 |

Trade Payables aging Schedule :

| As on 31st March 2022 | | | | | | |
|------------------------------|---------------|--|-----------|-----------|------------|---------------|
| Particulars | Not due | Outstanding for following periods from due date of payment | | | | Total |
| | | < 1 year | 1-2 years | 2-3 years | > 3 years | |
| (a) MSME | 344 | -- | -- | -- | -- | 344 |
| (b) Others | 42,768 | 8,294 | 41 | 12 | 192 | 51,307 |
| (c) Disputed dues - MSME | -- | -- | -- | -- | 40 | 40 |
| (d) Disputed dues - Others | -- | -- | -- | -- | -- | -- |
| TOTAL | 43,112 | 8,294 | 41 | 12 | 232 | 51,691 |

| As on 31st March 2021 | | | | | | |
|------------------------------|---------------|--|------------|------------|------------|---------------|
| Particulars | Not due | Outstanding for following periods from due date of payment | | | | Total |
| | | < 1 year | 1-2 years | 2-3 years | > 3 years | |
| (a) MSME | 202 | -- | -- | -- | -- | 202 |
| (b) Others | 12,869 | 30,335 | 211 | 131 | 219 | 43,765 |
| (c) Disputed dues - MSME | -- | -- | -- | -- | 40 | 40 |
| (d) Disputed dues - Others | -- | -- | -- | -- | -- | -- |
| TOTAL | 13,071 | 30,335 | 211 | 131 | 259 | 44,007 |

Refer Note No. 32 for disputed dues.

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

20. OTHER LIABILITIES

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| Non-current | | |
| Service Coupon Liability | 102 | 88 |
| Total Non-current Other Liabilities | 102 | 88 |
| Current | | |
| (a) Advance against orders and deposits | 8,381 | 6,133 |
| (b) Statutory dues | 1,936 | 2,147 |
| (c) Service Coupon Liability | 335 | 242 |
| Total Current Other Liabilities | 10,652 | 8,522 |
| Total Other Liabilities | 10,754 | 8,610 |

Movement in Service Coupon Liability

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| Free Service Coupons | | |
| (a) Opening balance | 330 | 543 |
| (b) Additional provisions made during the year | 381 | 425 |
| (c) Amount paid during the year | (237) | (638) |
| (d) Amount written back | (37) | -- |
| Closing balance | 437 | 330 |

21. NON-CONTROLLING INTEREST (NCI)

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| Tempo Finance (West) Private Limited | | |
| Non-controlling Interest (%) | 33.57% | 33.57% |
| Current Assets | 595 | 567 |
| Current Liabilities | (1) | (1) |
| Net Assets | 594 | 566 |
| Net Assets attributable to NCI | 199 | 190 |
| Net Profit for the period of Tempo Finance (West) Private Limited | 28 | 27 |
| Net Profit attributable to NCI | 9 | 9 |

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

22. REVENUE FROM OPERATIONS

| | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| (a) Sale of Products | 3,20,726 | 1,95,187 |
| (b) Interest income | 38 | 37 |
| (c) Other Operating Revenue | | |
| (i) Service charges | 276 | 330 |
| (ii) Others | 3,002 | 3,265 |
| Total Revenue from Operations | 3,24,042 | 1,98,819 |

23. OTHER INCOME

| | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--|---------------------------------------|---------------------------------------|
| (a) Interest income | 185 | 429 |
| (b) Dividend income from Equity Investments designated at FVTOCI | 7 | -- |
| (c) Gain on Exchange fluctuation (Net) | 1,999 | 272 |
| (d) Lease / Rental income | 463 | 439 |
| (e) Profit on sale of assets | 72 | 96 |
| (f) Others | 2,462 | 1,253 |
| Total Other Income | 5,188 | 2,489 |

24. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

| | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--|---------------------------------------|---------------------------------------|
| Opening Stock | | |
| (a) Finished Goods | 12,688 | 9,527 |
| (b) Work-in-progress | 5,226 | 5,722 |
| | 17,914 | 15,249 |
| Closing Stock | | |
| (a) Finished Goods | 7,414 | 12,688 |
| (b) Work-in-progress | 6,722 | 5,226 |
| | 14,136 | 17,914 |
| Total Changes in Inventories of Finished Goods and Work-in-progress | 3,778 | (2,665) |

25. EMPLOYEE BENEFITS EXPENSE

| | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--|---------------------------------------|---------------------------------------|
| (a) Salaries, Wages and Bonus | 33,287 | 31,813 |
| (b) Contribution to Provident, Other Funds and Schemes | 2,561 | 2,495 |
| (c) Staff Welfare expenses | 960 | 807 |
| Total Employee Benefits Expense | 36,808 | 35,115 |

26. FINANCE COSTS

| | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--|---------------------------------------|---------------------------------------|
| (a) Interest expense | 4,074 | 2,761 |
| (b) Other borrowing costs | 30 | 39 |
| (c) Net interest cost on net defined benefit obligations | -- | 22 |
| Total Finance Costs | 4,104 | 2,822 |

Borrowing cost of ₹ 782 lakhs (31st March 2021 : ₹ 307 lakhs) at the actual borrowing rates, has been capitalised during the current financial year.

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

27. DEPRECIATION AND AMORTIZATION EXPENSE

| | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--|---------------------------------------|---------------------------------------|
| (a) Depreciation of Property, Plant and Equipment | 14,630 | 12,964 |
| (b) Amortization of Intangible Assets | 4,440 | 4,379 |
| (c) Depreciation on Investment Property | 24 | 24 |
| Total Depreciation and Amortization Expense | 19,094 | 17,367 |

28. OTHER EXPENSES

| | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--|---------------------------------------|---------------------------------------|
| (a) Consumption of Stores and Spares | 6,047 | 4,485 |
| (b) Fabrication and Processing charges | 842 | 744 |
| (c) Power and Fuel | 4,250 | 3,522 |
| (d) Forwarding charges | 2,543 | 1,493 |
| (e) Lease / Rent | 275 | 276 |
| (f) Rates and Taxes | 199 | 531 |
| (g) Insurance | 844 | 722 |
| (h) Repairs and Maintenance | | |
| (i) Plant and Machinery | 1,939 | 1,682 |
| (ii) Buildings | 291 | 332 |
| (iii) Others | 136 | 159 |
| (i) Publicity and Sales promotion | 1,286 | 864 |
| (j) Payments to Auditors (Refer details below) | 32 | 31 |
| (k) Donation | 16 | 1,009 |
| (l) Expenditure on Corporate Social Responsibility (Refer Note 43) | 74 | 301 |
| (m) Loss on sale of assets | --* | 2,321 |
| (n) Others / Miscellaneous Expenses | 8,104 | 7,847 |
| Total Other Expenses | 26,878 | 26,319 |

Details of payments to Auditors

| | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|---|---------------------------------------|---------------------------------------|
| (a) Audit fees | 24 | 24 |
| (b) Tax Audit fees | 1 | 1 |
| (c) Limited review and Certification work | 6 | 6 |
| (d) Reimbursement of expenses | 1 | --* |
| Total payments to Auditors | 32 | 31 |

29. EARNINGS PER SHARE

| | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--|---------------------------------------|---------------------------------------|
| (a) Profit / (Loss) attributable to Equity Shareholders | (9,108) | (12,363) |
| (b) Weighted average number of Equity Shares used as Denominator | 1,31,76,262 | 1,31,76,262 |
| (c) Basic and Diluted Earnings Per Share of nominal value of ₹ 10/- each : ₹ | (69.13) | (93.83) |

--* Denotes amount less than ₹ 50,000/-

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

30. EXPENDITURE CAPITALISED

Amount capitalized represents expenditure allocated out of employee cost and other expenses, incurred in connection with capital items and various product development projects undertaken by the Group for the introduction of new products as well as development of engine and existing product variants.

31. CONTINGENT LIABILITIES AND COMMITMENTS

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| (a) Contingent Liabilities | | |
| Claims against the Group not acknowledged as debts | | |
| (i) Taxes and Duties | 8,019 | 7,507 |
| (ii) Others (including Court cases pending) | 3,826 | 3,752 |
| (b) Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 12,688 | 28,500 |
| (c) As reported earlier, a foreign company has initiated legal proceedings in a foreign court, in respect of notional and unfounded claims for damages, without there being any enforceable agreement, relating to export business. The Group has obtained opinion from a Senior Counsel, in respect of these alleged claims against the Group. The Group has been advised that such notional / unfounded claims are not as per the applicable law nor these claims, if any, can be enforced in the Court of Law in India. This information is being disclosed as per the provisions of Schedule III to the Companies Act, 2013, only to indicate the alleged claims made against the Group and the developments in respect thereof. Moreover, considering the period lapsed, since the conclusion of the said legal proceedings, the Group does not expect any impact of this litigation on its financial position. | | |

32. DISCLOSURE AS PER THE REQUIREMENT OF SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT ACT, 2006

On the basis of information received as to the status as Micro, Small and Medium Enterprises, from suppliers of the Group along with a copy of the Memorandum filed by the said suppliers, as per the provisions of Section 8 of the Micro, Small and Medium Enterprises Development Act, 2006 (the Act), dues to Micro, Small and Medium Enterprises are as under :

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| (a) The amounts remaining unpaid to Micro and Small Enterprises as at the end of the year | | |
| (i) Principal | 384 | 242 |
| (ii) Interest | -- | -- |
| (b) Amount of interest - paid by the Group, accrued and remaining unpaid and amount of further interest remaining due and payable in the succeeding years until such date when the interest dues above are actually paid. | -- | -- |

The proceedings initiated by one of the suppliers, claiming to be a small scale enterprise, as per the provisions of Section 18 of the Act, culminated into an award of claim for ₹ 157 Lakhs with interest. The Group has not accepted the said liability. The Group has a major counter-claim against the said supplier amounting to about ₹ 906 Lakhs, which being unearned income, is not accounted. The award is challenged by the Group, as per the provisions of the Act and proceedings are pending before the Hon'ble District Judge, Pune, and before the Hon'ble High Court of Judicature at Bombay.

33. FOREIGN EXCHANGE DIFFERENCES

The amount of net exchange differences included in the Profit/Loss for the year on Revenue account is ₹ 2,014 Lakhs Credit (31st March 2021: ₹ 223 Lakhs Credit) and on Capital account is ₹ 15 Lakhs Debit (31st March 2021 : ₹ 49 Lakhs Credit).

34. EXPENDITURE ON RESEARCH AND DEVELOPMENT

The Group's expenditure on its Research and Development activity during the year under report was as follows :

| | As at 31st March 2022 | As at 31st March 2021 |
|--------------------------------|--------------------------|--------------------------|
| (a) Capital Expenditure | 8,663 | 10,845 |
| (b) Revenue Expenditure | 10,594 | 11,209 |

(The above expenditure is grouped with other non-R&D expenditure under various heads of capital and revenue expenditures.)

As per the Indian Accounting Standard (Ind AS 38) – Intangible Assets, the Group has recognized Intangible Assets, arising out of in-house Research and Development activities of the Group, by capitalising the revenue expenditure, amounting to ₹ 7,269 Lakhs (31st March 2021 : ₹ 8,136 Lakhs).

As the development activity, of few projects, is continued, these assets are considered as Capital Work-in-progress, and will be amortized over the period of their life, after the completion of the development phase.

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

35. LEASES
Operating Leases
As a Lessor
(a) Industrial Shed at Chakan

The Company's industrial property is situated at Chakan, Pune. As this Industrial property is continue to be available for lease and considering it's location, the Group is of the opinion that it will be able to lease out the said property in the near future, it has been considered as an investment property.

(b) Freehold land
Out of the freehold land at Akurdi, Pune

2700 sq. mtrs. (cost ₹1,374) of land has been given on lease to Maharashtra State Electricity Distribution Company Limited for 99 years, w.e.f. 1st August, 1989. Lease rentals are recognized in the Statement of Profit and Loss.

19,000 sq. mtrs. (cost ₹ 9,669) of land has been given on lease to Navalmal Firodia Memorial Hospital Trust for 25 years, w.e.f. 12th August, 2014. Lease rentals are recognized in the Statement of Profit and Loss.

These land given on lease are not considered as investment property considering the insignificant area and cost of that with respect to the total area and cost of freehold land at the respective places.

As a Lessee
Leasehold land

The Group has entered into Lease Agreement for industrial land, at Pithampur in Madhya Pradesh. The Group being a lessee may surrender the leased area after giving Lessor 3 months notice period in writing. The lease premium is not refundable to Group in case of early termination of agreement by the Group. The Lessor is also entitled to terminate the Lease Agreement, if the Lessee defaults the terms and conditions of the Lease Agreement. The lease expense has been recognized in the Statement of Profit and Loss.

36. RELATED PARTY DISCLOSURES
I. Names of the related party and nature of relationship where control exists
Name of the Related Party
Nature of relationship

| | |
|---|-----------------------|
| (a) Jaya Hind Industries Private Limited | Holding Company |
| (b) Tempo Finance (West) Private Limited | Subsidiary Company |
| (c) Force MTU Power Systems Private Limited | Joint Venture Company |

II. List of other related parties with whom there are transactions in the current year
Name of the Related Party
Nature of relationship
A. Key Management Personnel (KMP)

| | |
|---|---------------------------------|
| (a) Abhaykumar Firodia | Chairman |
| (b) Prasan Firodia | Managing Director |
| (c) Sudhir Mehta (upto 28.02.2022) | Director |
| (d) Pratap Pawar | Director |
| (e) S. Padmanabhan | Director |
| (f) Nitin Desai | Director |
| (g) Dr. Indira Parikh | Director |
| (h) Arun Sheth | Director |
| (i) Arvind Mahajan | Director |
| (j) Lt. Gen. (Retd.) Dr. D. B. Shekatkar | Director |
| (k) Anant J. Talaulicar (upto 30.03.2022) | Director |
| (l) Prashant V. Inamdar | Executive Director (Operations) |
| (m) Sanjay Kumar Bohra | Chief Financial Officer |

B. Other Entities

| | |
|--|-------------------------------------|
| (a) Jaya Hind Montupet Private Limited | Entity controlled by KMP of Company |
| (b) Pinnacle Industries Limited | Entity controlled by KMP of Company |
| (c) VDL Pinnacle Engineering India Private Limited | Entity controlled by KMP of Company |
| (d) Kider (India) Private Limited | Entity controlled by KMP of Company |
| (e) Bajaj Tempo Limited Provident Fund | Post employment benefit Trust |
| (f) Sakal Media Private Limited | Entity controlled by KMP of Company |
| (g) Amar Prerana Trust | Entity controlled by KMP of Company |
| (h) Navalmal Firodia Memorial Hospital Trust | Entity controlled by KMP of Company |
| (i) Antardisha | Entity controlled by KMP of Company |

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

III. Transactions with Related Parties

| Name of Related Party | 2021-22 | | 2020-21 | |
|---|---------------------------------------|---|---------------------------------------|---|
| | Amount of transaction during the year | Balance as at 31st March 2022 Receivables / (Payables) | Amount of transaction during the year | Balance as at 31st March 2021 Receivables / (Payables) |
| A. Holding Company | | | | |
| Jaya Hind Industries Pvt. Ltd. | | | | |
| (a) Purchase of Capital Goods | 707 | | 267 | |
| (b) Purchase of Raw Materials, Components & Others | 5,469 | | 4,441 | |
| (c) Sundry Sales | 284 | | 202 | |
| (d) Service Charges recovered | 105 | | 110 | |
| (e) Processing Charges recovered | 32 | (610) | 23 | (2,403) |
| (f) Dividend paid | 378 | 428 | 756 | 434 |
| (g) Lease / Rent recovered | 520 | | 530 | |
| (h) Expenses recovered | 3 | | 2 | |
| (i) Inter Corporate Deposits (ICDs) | 15,000 | (15,000) | -- | |
| (j) Interest on ICDs | 201 | -- | -- | |
| B. Key Management Personnel | | | | |
| (a) Remuneration | | | | |
| (i) Short term employee benefits | 378 | | 309 | |
| (ii) Post employment benefits | 30 | (31) | 20 | (59) |
| (iii) Other long-term benefits | 39 | | 30 | |
| (b) Others | | | | |
| (i) Dividend paid | 24 | -- | 49 | -- |
| (ii) Sitting fees | 39 | -- | 41 | -- |
| C. Other Entities | | | | |
| (a) Force MTU Power Systems Pvt. Ltd. | | | | |
| (i) Service charges/Expenses recovered | 642 | | 657 | |
| (ii) Contribution to Equity | 2,234 | | 2,550 | 947 |
| (iii) Royalty for use of Trademark | --* | 1,455 | --* | |
| (iv) Sundry sales | 11 | | --* | |
| (v) Reimbursement of expenses | 5 | | -- | |
| (b) Jaya Hind Montupet Pvt. Ltd. | | | | |
| (i) Purchase of Raw Materials, Components & Others | --* | | 8 | |
| (ii) Service Charges recovered | 6 | | 38 | (6) |
| (iv) Processing Charges recovered | -- | --* | --* | 39 |
| (v) Sundry sales | -- | | 4 | |
| (vi) Lease / Rent recovered | --* | | --* | |
| (c) Pinnacle Industries Ltd. | | | | |
| (i) Purchase of Capital Goods | 2,418 | | 451 | |
| (ii) Purchase of Raw Materials, Components & Others | 11,524 | | 9,261 | |
| (iii) Sales | 3,569 | (2,422) | 1,367 | (1,734) |
| (iv) Lease / Rent recovered | 63 | 1,383 | 22 | 2,359 |
| (v) Reimbursement of Expenses | -- | | 3 | |
| (vi) Processing Charges recovered | 4 | | 2 | |
| (vii) Interest received | 23 | | 23 | |
| (d) Kider (India) Pvt. Ltd. | | | | |
| Purchase of Raw Materials, Components & Others | 1,167 | (50) | 812 | (180) |
| (e) VDL Pinnacle Engineering India Pvt. Ltd. | | | | |
| Purchase of Capital Goods | 32 | (10) | 24 | --* |
| (f) Bajaj Tempo Limited Provident Fund | | | | |
| Contribution to Provident Fund | 711 | (59) | 638 | (69) |
| (g) Sakal Media Pvt. Ltd. | | | | |
| Publicity charges | 4 | -- | 5 | -- |
| (h) Amar Prerana Trust | | | | |
| (i) Sundry sales | --* | -- | 6 | -- |
| (ii) Donation | -- | -- | 9 | -- |
| (iii) Training facility utilisation | 2 | -- | -- | -- |
| (j) Navalmal Firodia Memorial Hospital Trust | | | | |
| Lease / Rent recovered | --* | -- | --* | -- |
| (k) Antardisha | | | | |
| Professional Fees | -- | -- | 5 | -- |

--* Denotes amount less than ₹ 50,000/-

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

37. EMPLOYEE BENEFITS
A. Defined Contribution Plans

An amount of ₹ 436 Lakhs (31st March 2021 : ₹ 471 Lakhs) is recognized as an expense and included in "Employees Benefits Expense" in the Statement of Profit and Loss.

B. Defined Benefit Plans
(a) The amounts recognized in Balance Sheet are as follows

| | As at 31st March 2022 | | As at 31st March 2021 | |
|---|---------------------------|-----------------------------|---------------------------|-----------------------------|
| | Gratuity Plan (Funded) | Provident Fund* (Funded) | Gratuity Plan (Funded) | Provident Fund* (Funded) |
| (i) Amount to be recognized in Balance Sheet | | | | |
| Present value of defined benefit obligation | 6,775 | 25,139 | 6,544 | 24,435 |
| Less : Fair value of plan assets | 7,344 | 26,259 | 6,335 | 24,807 |
| Amount to be recognized as Liability or (Asset) | (569) | (1,120) | 209 | (372) |
| (ii) Amount to be reflected in Balance Sheet | | | | |
| Liabilities | (569) | (1,120) | 209 | (372) |
| Assets | -- | -- | -- | -- |
| Net Liability / (Asset) | (569) | (1,120) | 209 | (372) |

* Not considered in the books, being excess of plan assets over defined benefit obligation.

As the Group is not entitled for any surplus in provident fund scheme, Group has not recorded, any asset for excess of plan assets over provident fund liability.

(b) The amounts recognized in the Statement of Profit and Loss are as follows

| | As at 31st March 2022 | | As at 31st March 2021 | |
|---|---------------------------|-----------------------------|---------------------------|-----------------------------|
| | Gratuity Plan (Funded) | Provident Fund* (Funded) | Gratuity Plan (Funded) | Provident Fund* (Funded) |
| (i) Employee Benefits Expense | | | | |
| Current service cost | 567 | 809 | 591 | 737 |
| (ii) Acquisition (Gain) / Loss | -- | -- | -- | -- |
| (iii) Finance cost | | | | |
| Net Interest (Income) / Expenses | (15) | (94) | 22 | (81) |
| Transfer in / (out) | -- | -- | 5 | -- |
| Net periodic benefit cost recognized in the Statement of Profit and Loss | 552 | 715 | 618 | 656 |

* Not considered in the books, being excess of plan assets over defined benefit obligation.

(c) The amounts recognized in the statement of Other Comprehensive Income (OCI)

| | As at 31st March 2022 | | As at 31st March 2021 | |
|---|---------------------------|-----------------------------|---------------------------|-----------------------------|
| | Gratuity Plan (Funded) | Provident Fund* (Funded) | Gratuity Plan (Funded) | Provident Fund* (Funded) |
| (i) Opening amount recognized in OCI outside Statement of Profit and Loss | -- | -- | -- | -- |
| (ii) Re-measurements for the year - obligation (Gain) / Loss | (432) | (234) | (232) | (1,533) |
| (iii) Re-measurements for the year - plan assets (Gain) / Loss | (45) | (519) | (39) | 1,376 |
| (iv) Total re-measurements cost / (credit) for the year recognized in OCI | (477) | (753) | (271) | (157) |
| (v) Less : Accumulated balances transferred to Retained Earnings | (477) | (753) | (271) | (157) |
| Closing balances [re-measurements (Gain) / Loss recognized in OCI] | -- | -- | -- | -- |

* Not considered in the books, being excess of plan assets over defined benefit obligation.

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

(d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows

| | As at 31st March 2022 | | As at 31st March 2021 | |
|---|------------------------|-------------------------|------------------------|-------------------------|
| | Gratuity Plan (Funded) | Provident Fund (Funded) | Gratuity Plan (Funded) | Provident Fund (Funded) |
| (i) Present value of obligation as at the beginning of the year | 6,544 | 24,435 | 6,414 | 22,947 |
| (ii) Acquisition adjustment | -- | -- | -- | -- |
| (iii) Transfer in / (out) | (3) | (333) | -- | -- |
| (iv) Interest cost | 421 | 1,531 | 408 | 1,519 |
| (v) Past service cost | -- | -- | -- | -- |
| (vi) Current service cost | 567 | 809 | 591 | 737 |
| (vii) Employee Contribution | -- | 1,392 | -- | 1,320 |
| (viii) Curtailment cost / (credit) | -- | -- | -- | -- |
| (ix) Settlement cost / (credit) | -- | -- | -- | -- |
| (x) Benefits paid | (322) | (2,461) | (637) | (555) |
| (xi) Re-measurements on obligation - (Gain) / Loss | (432) | (234) | (232) | (1,533) |
| Present value of obligation as at the end of the year | 6,775 | 25,139 | 6,544 | 24,435 |

(e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows

| | As at 31st March 2022 | | As at 31st March 2021 | |
|--|------------------------|-------------------------|------------------------|-------------------------|
| | Gratuity Plan (Funded) | Provident Fund (Funded) | Gratuity Plan (Funded) | Provident Fund (Funded) |
| (i) Fair value of the plan assets as at beginning of the year | 6,335 | 24,807 | 5,629 | 23,179 |
| (ii) Acquisition adjustment | -- | -- | -- | -- |
| (iii) Transfer in/(out) | (3) | (334) | (5) | -- |
| (iv) Interest income | 436 | 1,625 | 386 | 1,600 |
| (v) Contributions | 872 | 2,103 | 920 | 1,959 |
| (vi) Mortality charges and Taxes | (10) | -- | (11) | -- |
| (vii) Benefits paid | (331) | (2,461) | (623) | (555) |
| (viii) Amount paid on settlement | -- | -- | -- | -- |
| (ix) Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss) | 45 | 519 | 39 | (1,376) |
| Fair value of plan assets as at the end of the year | 7,344 | 26,259 | 6,335 | 24,807 |
| Actual return on plan assets | 481 | | 426 | |

(f) Net interest (Income) / Expenses

| | As at 31st March 2022 | | As at 31st March 2021 | |
|---|------------------------|--------------------------|------------------------|--------------------------|
| | Gratuity Plan (Funded) | Provident Fund* (Funded) | Gratuity Plan (Funded) | Provident Fund* (Funded) |
| (i) Interest (income) / expense – obligation | 421 | 1,531 | 408 | 1,519 |
| (ii) Interest (income) / expense – plan assets | (436) | (1,625) | (386) | (1,600) |
| Net interest (income) / expense for the year | (15) | (94) | 22 | (81) |

* Not considered in the books, being excess of plan assets over defined benefit obligation.

Basis used to determine the overall expected return

The net interest approach effectively assumes an expected rate of return on plan assets equal to the beginning of the year discount rate. Expected return of 6.60% has been used for the valuation purpose.

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

(g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

| Gratuity | As at 31st March 2022 | As at 31st March 2021 |
|--|----------------------------------|----------------------------------|
| (i) Discount rate | 6.90% | 6.60% |
| (ii) Expected return on plan assets | 6.60% | 6.70% |
| (iii) Salary growth rate * | 8% | 8% |
| (iv) Attrition rate - for Bargainable Staff & others | 10% | 10% |
| (v) Attrition rate - Workers | 2% | 2% |

* The estimates of future salary increase considered in actuarial valuation taking into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

| Provident Fund | As at 31st March 2022 | As at 31st March 2021 |
|--|----------------------------------|----------------------------------|
| (i) Discount rate | 6.90% | 6.60% |
| (ii) Interest rate | 8.10% | 8.50% |
| (iii) Yield spread | 0.50% | 0.50% |
| (iv) Attrition rate - for Bargainable Staff & others | 10% | 10% |
| (v) Attrition rate - Workers | 2% | 2% |

Sensitivity analysis

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present Value of Obligation (PVO). Sensitivity analysis is done by varying (increasing/decreasing) one parameter by 50 / 100 basis points (0.50 % / 1%).

(h) Change in assumption

| | As at 31st March 2022 | | As at 31st March 2021 | |
|---|------------------------------|-----------------------|------------------------------|-----------------------|
| | Gratuity | Provident fund | Gratuity | Provident fund |
| (i) Discount rate | | | | |
| Increase by 1% | 6,404 | -- | 6,160 | -- |
| Decrease by 1% | 7,188 | -- | 6,973 | -- |
| Increase by 0.5% | -- | 24,831 | -- | 24,111 |
| Decrease by 0.5% | -- | 25,462 | -- | 24,775 |
| (ii) Salary increase rate | | | | |
| Increase by 1% | 7,116 | -- | 6,900 | -- |
| Decrease by 1% | 6,462 | -- | 6,218 | -- |
| (iii) Withdrawal rate | | | | |
| Increase by 1% | 6,755 | -- | 6,518 | -- |
| Decrease by 1% | 6,797 | -- | 6,574 | -- |
| (iv) Expected future interest rate of Provident Fund | | | | |
| Increase by 1% | -- | -- | -- | -- |
| Decrease by 1% | -- | -- | -- | -- |
| Increase by 0.5% | -- | 25,450 | -- | 24,749 |
| Decrease by 0.5% | -- | 24,827 | -- | 24,120 |

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

38. FINANCIAL INSTRUMENTS - FAIR VALUES
Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities with its classification.

| | Carrying value | | Fair Value | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31st March 2022 | 31st March 2021 | 31st March 2022 | 31st March 2021 |
| Financial Assets | | | | |
| (a) Fair value through Other Comprehensive Income (FVTOCI) | | | | |
| Equity Investments | 2,540 | 2,026 | 2,540 | 2,026 |
| (b) Amortized cost | | | | |
| Trade Receivables | 18,938 | 12,599 | 18,938 | 12,599 |
| Loans- Security Deposits | 1,611 | 1,614 | 1,611 | 1,614 |
| Other Financial Assets | 374 | 6,598 | 374 | 6,598 |
| Cash and Cash equivalents | 7,210 | 3,472 | 7,210 | 3,472 |
| Other Bank Balances | 221 | 226 | 221 | 226 |
| Total | 30,894 | 26,535 | 30,894 | 26,535 |
| Financial Liabilities | | | | |
| Amortized cost | | | | |
| Non-current Borrowings | 60,055 | 49,378 | 60,055 | 49,378 |
| Current Borrowing | 46,827 | 14,864 | 46,827 | 14,864 |
| Trade Payable | 51,691 | 44,007 | 51,691 | 44,007 |
| Other Financial Liabilities | 6,272 | 4,599 | 6,272 | 4,599 |
| Total | 1,64,845 | 1,12,848 | 1,64,845 | 1,12,848 |

The following methods and assumptions were used to estimate the fair values

The fair values of Trade Payables, Trade Receivables, Cash and Cash equivalents and other Bank Balances, are reasonable approximation of fair value due to the short-term maturities of these instruments.

Allowance for credit loss on Trade Receivables, is taken into account, on the basis of credit worthiness of the customer individual.

Borrowings represents Working Capital Loan, ICD, Term Loan from Banks and NCD obtained at market rates of interest available for debt on similar terms, credit risk and remaining maturities. As of reporting date, the fair value of borrowings is measured at amortized cost, which is reasonable approximation of fair value.

Fair value hierarchy and valuation techniques used
(a) Financial Assets and Liabilities measured at fair value

| | Level | 31st March 2022 | 31st March 2021 |
|-------------------------------|---------|--------------------|--------------------|
| Financial Assets | | | |
| FVTOCI Investments - Quoted | Level 1 | 2,535 | 2,021 |
| FVTOCI Investments - Unquoted | Level 3 | 5 | 5 |
| Total | | 2,540 | 2,026 |

(b) Financial Assets and Liabilities measured at amortized cost for which fair value is disclosed

| | Level | 31st March 2022 | 31st March 2021 |
|--|---------|--------------------|--------------------|
| Financial Assets measured at amortized cost | | | |
| Loans - Security Deposits | Level 2 | 1,611 | 1,614 |
| Other Financial Assets | Level 2 | 374 | 6,598 |
| Total | | 1,985 | 8,212 |

(c) Financial Liabilities measured at amortized cost

| | Level | 31st March 2022 | 31st March 2021 |
|---|---------|--------------------|--------------------|
| Financial Liabilities measured at amortized cost | | | |
| Non-current borrowings | Level 2 | 60,055 | 49,378 |
| Current borrowings | Level 2 | 46,827 | 14,864 |
| Other financial liabilities | Level 2 | 6,272 | 4,599 |
| Total | | 1,13,154 | 68,841 |

The fair values disclosed in level 2 category are calculated using discounted cash flow method. These fair values reasonably approximate to the carrying values of financial assets and liabilities measured at amortised cost.

During the year ended 31st March 2022, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurement.

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

39. FINANCIAL RISK MANAGEMENT

Financial Risk Management Policy and Objectives

The Group's principal financial liabilities comprise of Borrowings, Trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include Trade and Other receivables, Cash and Cash equivalents and Deposits, which are derived directly from its operations.

Group is exposed to market risk, credit risk and liquidity risk.

The management of these risks is overseen by the senior management, which is advised by a team of senior officials. The Risk Management team oversees the policies and systems, on a regular basis to reflect changes in market conditions and Group's activities and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Board of Directors reviews and agrees policies for managing each of these risk is summarized below:

| Risk | Exposure arising from | Measurement | Management |
|--------------------------------|--|--|---|
| Credit risk | Cash and Cash equivalents, Trade Receivables, Financial Assets measured at amortized cost. | Aging analysis Credit ratings [Refer Note 39(a)] | Diversification of Credit Limits and Letters of Credit, Sales on cash basis and against securities. |
| Liquidity risk | Borrowings and Other Financial Liabilities | Cash flow forecasts [Refer Note 39(b)] | Availability of committed credit lines and borrowing facilities. |
| Market risk – foreign exchange | Recognized Financial Assets and Liabilities not denominated in Indian Rupee | Cash flow forecasting Sensitivity analysis [Refer Note 40] | Group's net forex exposure is covered by natural hedge. |
| Market risk – interest rate | Loans and Advances on Cash Credit Account and Term Loans from Bank and NCD. | Cash flow forecasting & Sensitivity analysis | Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements. |
| | As the borrowings were at fixed rate of interest, the Company is not exposed to interest rate risk, except the changes linked to Repo, MCLR and LIBOR rates. | | |
| Market risk – equity prices | Investments in Equity Securities | Sensitivity analysis [Refer Note 39 (c)] | Portfolio diversification |
| Commodity risk | Procurement of steel and other metals. | Budgeted consumption & its impact on finished product. | A well controlled review process is in place for analyzing the price trend and market intelligence and accordingly the procurement strategy is adopted. The overall exposure is not material. |

(a) Credit Risk

The table summarises aging of Trade Receivable

| | Not due | Less than 1 year | More than 1 year | Total |
|------------------------------|---------------|------------------|------------------|---------------|
| As at 31st March 2022 | | | | |
| Gross Carrying Amount | 13,795 | 3,814 | 1,369 | 18,978 |
| Allowance for doubtful debts | -- | -- | (40) | (40) |
| Net | 13,795 | 3,814 | 1,329 | 18,938 |
| As at 31st March 2021 | | | | |
| Gross Carrying Amount | 5,157 | 6,961 | 521 | 12,639 |
| Allowance for doubtful debts | -- | -- | (40) | (40) |
| Net | 5,157 | 6,961 | 481 | 12,599 |

The Cash and Cash equivalents are held with Scheduled Banks. Thus, the Group considers that its Cash and Cash equivalents have low credit risks.

(b) Liquidity Risk

The table summarises the maturity profile of Group's Financial Liabilities based on contractual un-discounted payments.

| As at 31st March 2022 | | | | | |
|-----------------------------|-----------------|-----------|------------------|------------------|-----------------|
| | Carrying amount | On Demand | Less than 1 year | More than 1 year | Total |
| Interest bearing borrowings | 1,06,882 | 6,000 | 40,827 | 60,055 | 1,06,882 |
| Other Financial Liabilities | 6,272 | 62 | 6,210 | -- | 6,272 |
| Trade and Other Payables | 51,691 | -- | 51,406 | 285 | 51,691 |

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

| As at 31st March 2021 | | | | | |
|-----------------------------|-----------------|-----------|------------------|------------------|--------|
| | Carrying amount | On Demand | Less than 1 year | More than 1 year | Total |
| Interest bearing borrowings | 64,242 | 3,000 | 11,864 | 49,378 | 64,242 |
| Other Financial Liabilities | 4,599 | 64 | 4,535 | -- | 4,599 |
| Trade and Other Payables | 44,007 | -- | 43,406 | 601 | 44,007 |

(c) Market Risk : Equity Price Risk

At the reporting date, the exposure to unquoted equity securities at fair value was ₹ 5 Lakhs.

At the reporting date, the exposure to quoted equity securities at fair value was ₹ 2,536 Lakhs. A decrease/ increase of 15% on the bank Nifty market index could have an impact of approximately ₹ 533 Lakhs on the OCI or equity attributable to the Group. These changes would not have an effect on profit or loss.

40. FOREIGN CURRENCY SENSITIVITY ANALYSIS

| Currency | Net exposure in foreign currency | | Net exposure in INR | |
|----------|----------------------------------|-----------------------|-----------------------|-----------------------|
| | As at 31st March 2022 | As at 31st March 2021 | As at 31st March 2022 | As at 31st March 2021 |
| USD | 38,05,373 | (16,67,298) | 2,899 | (1,218) |
| EUR | 1,43,71,911 | 53,94,060 | 12,301 | 4,698 |
| JPY | -- | 53,16,399 | -- | 36 |

| Currency | Sensitivity % | Impact on profit (strengthening)* | | Impact on profit (weakening)* | |
|----------|---------------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
| | | As at 31st March 2022 | As at 31st March 2021 | As at 31st March 2022 | As at 31st March 2021 |
| USD | 5% | (145) | 61 | 145 | (61) |
| EUR | 5% | (615) | (235) | 615 | 235 |
| JPY | 5% | -- | (2) | -- | 2 |
| | | (760) | (176) | 760 | 176 |

(* Strengthening / weakening of foreign currency)

41. CAPITAL MANAGEMENT

The Group's capital includes issued Equity Capital, Share Premium and Free Reserves.

The Group's policy is to meet the financial covenants attached to the interest-bearing borrowings by maintaining a strong capital base. The Group's aims to sustain investor, creditor and market confidence so as to be able to leverage such confidence for future capital/debt requirements.

Management monitors the return on capital earned, the capital/debt requirements for various business plans under consideration and determines the level of dividends to equity shareholders.

No changes were made in the objectives, policies or processes for managing capital during the financial years ended on 31st March 2022 and 31st March 2021.

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|--|-----------------------|-----------------------|
| Total Shareholder's Equity as reported in Balance Sheet | 1,74,787 | 1,83,783 |
| Net Debt : | | |
| Short-term debt | 21,000 | 3,000 |
| Long-term debt (including current portion of long-term debt) | 85,882 | 61,242 |
| Gross Debt : | 1,06,882 | 64,242 |
| Less : Cash & Bank Balances | 7,431 | 3,698 |
| Net Debt / (Net Cash and Bank balance) | 99,451 | 60,544 |

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

42. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

All amounts which became due, for transfer to the credit of Investor Education and Protection Fund, as of 31st March 2022, have been transferred to that fund, except a sum of ₹0.60 Lakh (31st March 2021 : ₹ 0.60 Lakh) being amount of 5 Nos. (31st March 2021 : 5 Nos.) fixed deposits and interest thereon amounting to ₹ 0.25 Lakh (31st March 2021 : ₹ 0.25 Lakh). In view of the directives received from the Government Authorities, these amounts are not transferred to the Fund, being involved in an investigation.

43. The Company has spent ₹ 74 Lakhs (31st March 2021 : ₹ 301 Lakhs) towards Corporate Social Responsibility (CSR), which is shown in "Other Expenses" [Note No.28 (I)] to the Notes to Financial Statements.

| Sr. No. | Description | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|---------|---|---------------------------------------|---------------------------------------|
| (a) | Gross amount required to be spent by the company during the year | 52 | 296 |
| (b) | Amount of expenditure incurred | 74 | 301 |
| (c) | Shortfall / (Surplus) at the end of the year | (22) | (5) |
| (d) | Total of previous years shortfall/(surplus) | (5) | - |
| (e) | Reason for shortfall | NA | NA |
| (f) | Nature of CSR activities: | | |
| (i) | Promoting education | 38 | 149 |
| (ii) | Disaster management and relief activities (Covid-19 Relief activity) | 31 | 117 |
| (iii) | Contribution to autonomous bodies established under Department of Science & Technology of the Central Government. | 5 | - |
| (iv) | Restoration of buildings and sites of historical importance | -- | 35 |
| | Total | 74 | 301 |
| (g) | Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard. | -- | -- |
| (h) | Whereas provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately. | -- | -- |
| (i) | Amount available for set off in succeeding financial years | 27 | 5 |

44. ADDITIONAL REGULATORY INFORMATION :
(a) Loans and Advances in the nature of Loan to Related Parties :

The Company has not granted any Loans or Advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person as on 31st March 2022.

(b) Relationship with Struck off Companies :

As per our knowledge, the Company has not entered in to any transactions with Struck off companies as on 31st March 2022.

(c) Registration of charges or satisfaction with Registrar of Companies :

The Company has no charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period.

(d) Compliance with number of layers of companies :

The Company has complied with the number of layers prescribed under Clause 87 of Section 2 of the Act, read with Companies (Restriction on number of layers) Rules, 2017, as on 31st March 2022.

(e) Compliance with approved Scheme (s) of Arrangements Accounted as per Scheme & Ind AS

Neither the Company has approached to nor any Competent Authority has approved any scheme of arrangements so as to account for in the books of account of the Company, in order to disclose any deviation in that regard.

(f) Loans, Guarantee, Security given by Company to Intermediary and it is giving to others on behalf of Company :

The Company has neither advanced nor loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries).

(g) Crypto Currency or Virtual Currency :

The Company has neither traded nor invested in Crypto currency or Virtual currency during the financial year.

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

45. DIVIDEND

The Board of Directors has recommended payment of dividend of ₹10 per fully paid equity shares (31st March 2021 : ₹ 5). This proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting. This dividend is not recognized in the books of account at the end of the reporting period.

46. After two successive years of severe impact due to COVID-19 pandemic, the Automobile industry has shown promising signs of recovery, from the severity, in the Financial Year 2021-22. However, certain segments like Schools, Tours & Travels and Hospitality Industry were either remained closed during major part of the year or just started functioning with caution. As the Company has good market share in these segments, both revenue and profitability has continued to be affected during the year. Further, as the market was slowly coming out from the severity and yet to be settled, there was a considerable delay in introduction of our successive models which were also impacted the growth prospects both in the top as well as bottom lines.

The Company will continue to monitor the developments and the impact of the said pandemic, and necessary counter measure will be taken to minimize the overall impact. The Company, as at the date of approval of these financials statement has relied upon the available market intelligence and information to arrive its best estimates.

47. ADDITIONAL INFORMATION AS REQUIRED BY SCHEDULE III OF THE COMPANIES ACT, 2013

| Name of the entity | Net Assets | | Share of Profit or Loss | | Share of Comprehensive Income | | Share of Total Comprehensive Income | |
|--|-----------------------------------|-----------------|---------------------------------------|----------------|---|------------|---|----------------|
| | As a % of consolidated net assets | Amount | As a % of consolidated Profit or Loss | Amount | As a % of consolidated Comprehensive Income | Amount | As a % of consolidated Total Comprehensive Income | Amount |
| Force Motors Limited | 94.78 | 1,65,855 | 81.99 | (7,460) | 99.22 | 765 | 80.39 | (6,695) |
| Indian Subsidiary : | | | | | | | | |
| Tempo Finance (West) Pvt. Ltd. | 0.23 | 395 | (0.21) | 19 | -- | -- | (0.23) | 19 |
| Non Controlling Interest (Indian Minority) | 0.11 | 199 | (0.10) | 9 | -- | -- | (0.11) | 9 |
| Indian Joint Venture : | | | | | | | | |
| Force MTU Power Systems Pvt. Ltd. | 4.88 | 8,537 | 18.32 | (1,667) | 0.78 | 6 | 19.94 | (1,661) |
| Total | 100.00 | 1,74,986 | 100.00 | (9,099) | 100.00 | 771 | 100.00 | (8,328) |

Notes to Consolidated Financial Statements for the year ended 31st March 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

48. INVESTMENT IN JOINT VENTURE
Interest in Joint Venture

Force Motors Limited has 51% interest in Force MTU Power Systems Private Limited (FMTU). FMTU is a private entity that is not listed on any public exchange.

Following table illustrates the summarized financial information of the Group's investment in FMTU :

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| Current Assets | 17,635 | 15,083 |
| Non Current Assets | 23,189 | 23,038 |
| Current Liabilities | 10,583 | 10,770 |
| Non Current Liabilities | 13,501 | 11,734 |
| Revenue | 7,829 | 1,276 |
| Net Income / (Loss) | (3,269) | (2,344) |
| Other Comprehensive Income | 12 | 4 |
| Total Comprehensive Income | (3,257) | (2,340) |
| The above net income includes; | | |
| Sale of products | 7,815 | 1,151 |
| Interest Income | 2 | 70 |
| Cost of material consumed | 6,737 | 1,543 |
| Employee Benefits Expense | 797 | 717 |
| Other Expenses | 4,419 | 2,184 |
| Income Tax Expenses (credit) | (1,100) | (831) |
| Net Assets of the Joint Venture | 16,739 | 15,617 |
| Proportion of the Company's interest in Joint Venture (Carrying amount of the Company's interest in joint venture) | 8,537 | 7,964 |

49. The Group is operating in a Single Segment.

50. Previous year's figures have been re-grouped, re-arranged and re-classified wherever necessary.

As per our separate report of even date.

For Kirtane & Pandit LLP

 Chartered Accountants
 [FRN : 105215W/W100057]

Suhas Deshpande

 Partner
 Membership No. : 031787

Place : Pune

Date : 27th May 2022

Sanjay Kumar Bohra
 Chief Financial Officer

Gaurav Deshmukh
 Company Secretary

Place : Pune

Date : 27th May 2022

On behalf of the Board of Directors

Abhaykumar Firodia
 Chairman



Photograph of the Board of Directors taken on the occasion of the Board Meeting held at Pithampur on August 13, 2022 from L to R - Mr. Arun Seth, Mr. Mukesh Patel, Mr. S. Padmanabhan, Dr. Abhay Firodia (Chairman), Dr. Indira Parikh, Mr. Prasan Firodia (Managing Director), Mr. Arvind Mahajan, Lt. Gen. (Retd.) Dr. D. B. Shekatkar, Mr. Prataprao Pawar, Mr. Nitin Desai and Mr. Prashant Inamdar



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