JTEKT

**JTEKT INDIA LIMITED**
(Formerly known as Sona Koyo Steering Systems Limited)

**Head Office :** M3M Cosmopolitan,
1st Floor, Sector-66, Ramgarh Road,
(Adjacent to Golf Course Extension Road),
Gurugram - 122 002, Haryana, India.
**Tel :** +91 124 478 3100, **Fax :** +91 124 478 3199.

JTEKT Koyo TOYODA

13th July, 2019

**The BSE Limited**
Department of Corporate Services
Floor 1, New Trading Ring
Rotunda Building. P.J. Towers
Dalal Street, Fort
Mumbai 400 001.
**Scrip Code - 520057**

**Listing Compliance**
**National Stock Exchange of India Ltd.**
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block
Bandra – Kurla Complex
Bandra (E), Mumbai 400 051.
**Symbol – JTEKTINDIA; Series – EQ**

**Sub : Notice of 35th Annual General Meeting of the Company and Annual Report 2018-19.**

Dear Sir,

We wish to inform you that the 35th Annual General Meeting of the Members of the Company will be held on **Friday, the 9th August, 2019 at 4.00 p.m. at The Air Force Auditorium, Subroto Park, New Delhi 110010.**

In compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find herewith the Notice of the 35th Annual General Meeting and Annual Report for the Financial Year 2018-19 dispatched / sent to the shareholders of the Company.

We request you to take the same on record.

Thanking you,

Yours faithfully,
For **JTEKT INDIA LIMITED**

**NITIN SHARMA**
**COMPANY SECRETARY**

**Regd. Office :** UGF-6, Indra Prakash 21, Barakhamba Road, New Delhi - 110 001, India.
**Tel :** +91 11 2331 1924 / 2332 7205, Telefax : +91 11 2332 7205
**CIN :** L29113DL1984PLC018415, **Website :** www.jtekt.co.in

**Works :** 38/6, Delhi-Jaipur Road, NH-8, Gurugram - 122 001, Haryana, India.
**Tel :** +91 124 468 5000, **Fax :** +91 124 410 4611 / 410 4621.

Deming Application Prize-2003

JTEKT

**JTEKT INDIA LIMITED**
(Formerly known as Sona Koyo Steering Systems Limited)

**Head Office :** M3M Cosmopolitan,
1st Floor, Sector-66, Ramgarh Road,
(Adjacent to Golf Course Extension Road),
Gurugram - 122 002, Haryana, India.
**Tel :** +91 124 478 3100, **Fax :** +91 124 478 3199.

JTEKT Koyo TOYODA

17th May, 2019

**The Corporate Relationship Department**
**BSE Limited**
1st Floor, New Trading Ring, Rotunda Building, P.J. Towers
Dalal Street, Fort, Mumbai 400 001.
**Scrip Code - 520057**

**National Stock Exchange of India Ltd.**
Exchange Plaza, C-1, Block G
Bandra – Kurla Complex, Bandra (E)
Mumbai 400 051.
**Symbol – JTEKTINDIA; Series – EQ.**

**DECLARATION**

In terms of regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016, read with SEBI Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016, we hereby declare that M/s. B.S.R. & Co. LLP, Chartered Accountants (ICAI Registration No. 101248W/W-100022), the Statutory Auditors of the Company have issued an Audit Report with unmodified opinion on the audited financial results of the Company for the quarter and year ended 31st March, 2019 (both Standalone and Consolidated).

For **JTEKT INDIA LIMITED**

Rajiv CC

**RAJIV CHANANA**
**CHIEF FINANCIAL OFFICER**

# JTEKT INDIA LIMITED

**[Formerly known as Sona Koyo Steering Systems Limited]**

(**CIN :** L29113DL1984PLC018415)

**Regd.Off.**- UGF-6, Indraprakash, 21, Barakhamba Road, New Delhi 110 001.

**Tel.No.** – 011-23311924, 23327205

**Email** – investorgrievance@jtekt.co.in, **Website** – www.jtekt.co.in

**NO GIFT COUPONS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING**

## NOTICE

Notice is hereby given that the Thirty Fifth Annual General Meeting of the Members of JTEKT India Limited (formerly known as Sona Koyo Steering Systems Limited) will be held as under:

Day : Friday

Date : 09th August, 2019

Time : 04.00 PM

Venue : The Air Force Auditorium, Subroto Park, New Delhi 110 010

to transact the following business:

**ORDINARY BUSINESS**

1) To receive, consider and adopt the audited Standalone and Consolidated Financial Statement for the financial year ended 31st March, 2019, including audited Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2) To declare dividend for the financial year ended 31st March, 2019.

3) To appoint a Director in place of Mr. Sudhir Chopra (DIN 00058148) who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS**

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

**"RESOLVED THAT** Mr. Hirofumi Matsuoka (DIN 08192915), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 11th August, 2018, in terms of Section 161(1) of the Companies Act, 2013 and Article 97 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

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

**"RESOLVED THAT** pursuant to provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Hidehito Araki (DIN 02517509), who was appointed as an Additional Director in the position of Independent Director of the Company by the Board of Directors with effect from 11th August, 2018, in terms of Section 161(1) of the Act and Article 97 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of an Independent Director not liable to retire by rotation, be and is hereby appointed as an Independent Non-Executive Director of the Company to hold office for a period of five (5) years with effect from 11th August, 2018."

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

**"RESOLVED THAT** pursuant to provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Hiroko Nose (DIN 06389168), who was appointed as an Additional Director in the position of Independent Woman Director of the Company by the Board of Directors with effect from 11th August, 2018, in terms of Section 161(1) of the Act and Article 97 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of an Independent Woman Director not liable to retire by rotation, be and is hereby appointed as an Independent Non-Executive Director of the Company to hold office for a period of five (5) years with effect from 11th August, 2018."

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

**"RESOLVED THAT** pursuant to provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Lt.Gen. Praveen Bakshi (Retd.) (DIN

08261443), who was appointed as an Additional Director in the position of Independent Director of the Company by the Board of Directors with effect from 18th May 2019, in terms of Section 161(1) of the Act and Article 97 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of an Independent Director not liable to retire by rotation, be and is hereby appointed as an Independent Non-Executive Director of the Company to hold office for a period of five (5) years with effect from 18th May, 2019."

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

**"RESOLVED THAT** pursuant to provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Inder Mohan Singh (DIN 07114750), who was appointed as an Additional Director in the position of Independent Director of the Company by the Board of Directors with effect from 18th May 2019, in terms of Section 161(1) of the Act and Article 97 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of an Independent Director not liable to retire by rotation, be and is hereby appointed as an Independent Non-Executive Director of the Company to hold office for a period of five (5) years with effect from 18th May, 2019."

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

**"RESOLVED THAT** Mr. Hiroshi Ii (DIN 08385716) be appointed as Director of the Company whose period of office would not be liable to determination by retirement of Directors by rotation.

**RESOLVED FURTHER THAT** in accordance with the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such other sanctions as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Mr. Hiroshi Ii as Executive Chairman of the Company for a period from 15th April, 2019 to 31st March, 2020, with remuneration, on the terms and conditions including as to remuneration set out in the draft Agreement submitted to this meeting and initialled by the Chairman of the Meeting for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions including as to remuneration for the said appointment and/or Agreement in such manner as may be agreed between the Board of Directors and Mr. Hiroshi Ii, Executive Chairman of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as in its absolute discretion it may think be necessary, proper or expedient in the matter and is further authorised to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval / consent from the government departments, as may be required in this regard."

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

**"RESOLVED THAT** in recession to the earlier resolutaion passed in the Shareholders' Meeting held on 22nd August, 2017, Mr. Sudhir Chopra (DIN 00058148) be appointed as Executive Vice Chairman of the Company for a period of three (3) years with effect from 01st June, 2019 to 31st May, 2022, whose period of office would be liable to determination by retirement of Directors by rotation.

**RESOLVED FURTHER THAT** in accordance with the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such other sanctions as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Mr. Sudhir Chopra as Executive Vice Chairman of the Company for a period of three (3) years with effect from 01st June, 2019 to 31st May, 2022, with remuneration, on the terms and conditions including as to remuneration set out in the draft Agreement submitted to this meeting and initialled by the Chairman of the Meeting for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions including as to remuneration for the said appointment and/or Agreement in such manner as may be agreed between the Board of Directors and Mr. Sudhir Chopra, Executive Vice Chairman of the Company.

**RESOLVED FURTHER THAT** the Board of directors of the Company be and is hereby authorized to take all such steps as in its absolute discretion it may think be necessary, proper or expedient in the matter and is further authorised to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the government departments, as may be required in this regard."

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

**"RESOLVED THAT** pursuant to the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consent of the Company be and is hereby accorded to enter into the following material related party transaction(s) by the Company for sale / purchase of components / goods and availing / providing of services for the maximum amounts, as mentioned below:

| Name of Related Party | Maximum Amount per Annum (₹ In Crores) |
|---|---|
| Maruti Suzuki India Limited | 2,000* |
| JTEKT Corporation, Japan | 400* |
| JTEKT Fuji Kiko Automotive India Limited | 400* |

*(plus applicable taxes in force like GST etc.)

**RESOLVED FURTHER THAT** the Board of Directors of the Company and/or a Committee thereof, be and are hereby authorized to do or cause to be done all such acts, matters, deeds and things and to settle any questions, difficulties, doubts that may arise with regard to any transaction with the related party and execute or authorize any person(s) to execute all such agreements, documents and writings and to make such filings, as may be necessary, relevant, usual, customary or desirable for the purpose of giving effect to this resolution."

Place : Registered Office:
UGF-6, Indraprakash
21, Barakhamba Road
New Delhi 110 001.
Dated : 17th May, 2019

By Order of the Board

**Sudhir Chopra**
Director (Corporate Affairs) &
Company Secretary
[DIN – 00058148]

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

   **PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.** A Proxy Form is sent herewith. Proxies submitted on behalf of companies, societies etc. must be supported by appropriate resolution / authority, as applicable.

2. A Statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting is annexed hereto.

3. **For security reasons, briefcases, transistors, bags, tiffin boxes, cameras, binoculars, eatables etc. will not be allowed to be taken inside the Meeting Hall.**

4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 3rd August, 2019 to Friday, the 9th August, 2019 (both days inclusive).

5. Dividend to Shareholders, as recommended by the Directors for the year ended 31st March, 2019, when declared at the meeting, will be paid:

   i) to those members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrars on or before Friday the 2nd August, 2019; and

   ii) in respect of shares held in electronic form, to those "beneficiaries" whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on Friday the 2nd August, 2019.

   Non Resident Indian Shareholders having NRE Account in any scheduled bank are requested to intimate the same to the Company immediately for remittance of dividend.

   The dividend on Equity Shares, if declared at the meeting, will be dispatched / credited on and after 16th August, 2019.

6) In order to provide protection against fraudulent encashment of dividend warrants, shareholders holding shares in physical form are requested to intimate the Company under the signature of the Sole/First joint holder, the following information which will be used by the Company for dividend payments:

   i) Name of Sole/First joint holder and Folio No.

   ii) Particulars of Bank Account viz.:

      - Name of the Bank
      - Name of Branch
      - Branch Code
      - Complete address of the Bank with Pin Code Number
      - Account type, whether Savings Bank Account or Current Account
      - Bank Account number allotted by the Bank

   In case of Shareholders holding shares in electronic form, Bank account details provided by the Depository Participants (DPs) will be used by the Company for printing on dividend warrants. Shareholders who wish to change such bank accounts may advise their DPs about such change with complete details of Bank Account including MICR Code.

7) **Pursuant to Clause 5A of the Listing Agreement (introduced vide SEBI circular no. CIR/CFD/DIL/10/2010 dated 16/12/2010) the unclaimed Equity Shares of ₹ 1/- each were dematerialized and transferred to "Unclaimed Suspense Account". The members who are still holding Equity Shares of the Face Value of ₹ 10/- or ₹ 2/- each, are requested to surrender the respective Share Certificate(s) to the Company or to its Registrar and Transfer Agent viz. M/s. Karvy Fintech Private Limited (formerly known as Karvy Computershare Private Limited) (Karvy), to enable the Company to issue the Equity Shares of the Face Value of ₹ 1/- each.**

8) i) The unclaimed dividend up to financial year 1994-95 has been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the erstwhile Companies Act, 1956.

   ii) The unclaimed dividends for the year from 1995-96 to 2010-11 have been transferred to the Investor Education and Protection Fund ("the Fund").

iii) Those members who have yet not encashed dividend warrants for the financial year 2011-12 to 2017-18 may return the time barred dividend warrants or write to the Company to issue demand draft.

iv) Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend for the financial year 2011-12 and thereafter which remain unclaimed for a period of seven (7) years will be transferred to Investor Education and Protection Fund ("the Fund"). **Unclaimed Equity Dividend for the financial year 2011-12 will become due for transfer to the Fund on 31st August, 2019.**

v) Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and Amendment Rules, 2017 notified by the Ministry of Corporate Affairs, the Company was required to transfer all shares in respect of which dividend has not been paid or claimed by the members for seven consecutive years or more, in the name of Investor Education and Protection Fund ("IEPF") Suspense Account. Adhering to various requirements set out in the Rules, the Company has taken appropriate action for transferring the shares to the Demat Account opened by the IEPF Authority. The Company has also uploaded details of such members whose shares are transferred to IEPF Suspense Account on its website at www.jtekt.co.in.

The shares transferred to IEPF Suspense Account including all benefits accruing on such shares, if any, can be claimed by the members from IEPF Authority, after following the procedure prescribed under the Rules.

Further, all the shareholders who have not claimed / encashed their dividends in the last seven consecutive years from 2012 are requested to claim the same. In case valid claim is not received, the Company will proceed to transfer the respective shares to the IEPF Account in terms of the IEPF Rules. In this regard, the Company has individually informed the shareholders concerned and also published notice in the newspapers as per the IEPF Rules. The details of such shareholders and shares due for transfer are uploaded on the "Investors Section" of the website of the Company viz. http://www.jtekt.co.in.

9) Members holding Equity Shares in physical form are requested to promptly notify change in their address / bank details, if any, quoting the Folio Number(s), to the Company's Registered Office or M/s. Karvy Fintech Private Limited, the Registrar and Transfer Agent.

Members holding shares in electronic form are hereby informed that the address / bank details registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of address / bank details or bank mandates. Such changes are to be advised only to the Depository Participant of the members.

10) Details as required in sub-regulation (3) of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard on General Meeting (SS-2) issued by Institute of Company Secretaries of India (ICSI) in respect of the Directors seeking appointment/ re-appointment at the AGM, forms integral part of the Notice of the AGM. Requisite declarations have been received from the Directors for seeking appointment / re-appointment.

11) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN, if not already done, to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form are required to submit their PAN details to the Company / Karvy Fintech Private Limited, the Registrar and Transfer Agent.

12) All the queries related to Accounts must be sent to the Company before 2nd August, 2019.

13) As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members / Proxy holders are requested to bring their attendance slip along with copy of the Annual Report to the meeting.

14) Members who hold shares in dematerialized form are requested to bring their DP ID and Client ID Nos. for easy identification of attendance at the meeting.

15) In terms of the "Green Initiative in Corporate Governance" undertaken by the Ministry of Corporate Affairs, electronic copy of the Annual Report, including Notice of the Annual General Meeting, is being sent to all the Members whose e-mail IDs are registered with the Company / Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For members, who have still not registered their e-mail IDs, physical copies of the Annual Report are being sent in the permitted mode. However, such Members are requested to register their e-mail addresses, in respect of shares held in electronic mode, with their Depository Participant and in respect of the shares held in physical mode, with the Company / Karvy Fintech Pvt. Ltd., the Registrar and Transfer Agent.

16) Members may note that the Notice of the Annual General Meeting and the Annual Report 2019 will also be available on the Company's website http://www.jtekt.co.in. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in New Delhi.

17) **Voting through electronic means**

i) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard on General Meetings (SS-2) issued by ICSI, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

ii) The facility for voting through ballot paper shall also be made available at the venue of the Annual General Meeting.

iii) The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

iv) The Company has engaged the services of Karvy Fintech Private Limited ("Karvy") as the Agency to provide remote e-voting facility.

v) The Board of Directors of the Company has appointed Mr. S.K. Luthra, Advocate (Enrollment Number D 70/75) or failing him Mr. Sharad Chopra, Chartered Accountant in Practice (Membership No. 503100) or failing him Mr. S.C. Jain, Advocate (Enrollment Number D 179/69) as Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner and they have communicated their willingness to the said appointment and will be available for same purpose.

vi) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. 02nd August, 2019, only shall be entitled to avail the facility of remote e-voting / voting.

vii) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 02nd August, 2019, may obtain the User ID and password in the manner as mentioned below:

a) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS: MYEPWD<space>Folio No. or DP ID Client ID to 9212993399

Example for NSDL:
MYEPWD<space>IN12345612345678

Example for CDSL :
MYEPWD<space>1402345612345678

Example for Physical :
MYEPWD<space>XXX123456

b) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

c) Member may call Karvy's toll free number 1-800-3454-001.

d) Member may send an e-mail request to einward.ris@karvy.com.

If the member is already registered with Karvy e-voting platform, then he can use his existing User ID and password for casting the vote through remote e-voting.

viii) The remote e-voting facility will be available during the following period:

- Commencement of remote e-voting: From 9.00 a.m. (IST) on 06th August, 2019.
- End of remote e-voting: Up to 5.00 p.m. (IST) on 08th August, 2019.

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.

ix) The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than forty eight (48) hours from the conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the scrutinizer's report shall be placed on the website of the Company http://www.jtekt.co.in and on the website of Karvy https://evoting.karvy.com. The results shall simultaneously be communicated to the Stock Exchanges.

x) **Instructions and other information relating to remote e-voting:**

**In case a member receives an e-mail from Karvy** [for members whose e-mail addresses are registered with the Company / Depository Participant(s)] :

a) Launch internet browser by typing the URL : https://evoting.karvy.com.

b) Enter the login credentials (i.e. User ID and password) which will be sent separately. The E-Voting Event Number + Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit https://evoting.karvy.com or contact toll free number 1-800-3454-001 for your existing password.

c) After entering these details appropriately, click on "LOGIN".

d) You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with atleast one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, $ etc.). The system will prompt you to change your password and update your contact details like mobile number, email address etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential**.

e) You need to login again with the new credentials.

f) On successful login, the system will prompt you to select the E-Voting Event Number for JTEKT India Limited.

g) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.

h) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.

i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

j) You may then cast your vote by selecting an appropriate option and click on "Submit".

k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).

l) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney/ Authority Letter etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: skluthra@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_ EVENT NO.".

**In case a member receives physical copy of the Notice by Post** [for members whose e-mail addresses are not registered with the Company / Depository Participant(s)]:

a) User ID and initial password - These will be sent separately.

b) Please follow all steps from Sr. No. (a) to (l) as mentioned above, to cast your vote.

Once the vote on a resolution is casted by a member, the member shall not be allowed to change it subsequently or cast the vote again.

In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website - https://evoting.karvy.com.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.**

**Resolution No. 4**

Keeping in view the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on 10th August, 2018 has appointed Mr. Hirofumi Matsuoka (DIN 08192915) as an additional director of the Company effective from 11th August, 2018 pursuant to Article 97 of the Articles of Association of the Company.

As an Additional Director, Mr. Matsuoka holds office till the date of the ensuing Annual General Meeting and is eligible for being appointed as Director. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") from a Member signifying his intention to propose the appointment of Mr. Hirofumi Matsuoka as a Director of the Company. Mr. Hirofumi Matsuoka is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company.

Mr. Hirofumi Matsuoka, aged 57 years, is a Japanese national. Mr. Matsuoka completed his graduation in March 1985 and thereafter joined KOYO JIDOKI Co. Ltd. in April, 1985 as Engineer in Development & Design Department. In the year 2002 he was transferred to JTEKT Europe SAS. In the year 2008. Mr. Matsuoka returned back to JTEKT Corporation, Japan and elevated to the position of General Manager. Presently, Mr. Matsuoka is one of the Executive Directors of JTEKT Corporation, Japan.

Keeping in view of Mr. Matsuoka's rich experience and knowledge, the Board considers it desirable that the Company should continue to avail the benefits of his expertise.

Mr. Matsuoka neither holds the directorship nor membership of the Committees of the Board of Directors in any other listed company in India.

Mr. Hirofumi Matsuoka does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Mr. Matsuoka is not related to any other Director and Key Managerial Personnel of the Company.

Except Mr. Hirofumi Matsuoka, being the appointee and Mr. Akihiko Kawano and Mr. Hiroshi Ii, to the extent they are representatives of JTEKT Corporation, Japan, none of the directors and/or key managerial personnel of the Company and their relatives is in any way, concerned or interested financially or otherwise in the resolution pertaining to his appointment set out at item no. 4.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The resolution is accordingly recommended for members' approval.

**Resolution No. 5**

Keeping in view the recommendations of the Nomination & Remuneration Committee, the Board of Directors of the Company, in its meeting held on 10th August, 2018, has appointed Mr. Hidehito Araki (DIN 02517509) as an Additional Director, in the capacity of an Independent Director of the Company, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting.

As an Additional Director, Mr. Araki holds office till the date of the ensuing Annual General Meeting and is eligible for being appointed as an Independent Director. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") from a Member signifying his intention to propose the appointment of Mr. Hidehito Araki as a Director of the Company. The Company has also received a declaration from Mr. Araki confirming that he meets the criteria of independence as prescribed under the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Mr. Hidehito Araki is also not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company. In the opinion of the Board, Mr. Araki fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations and he is independent of the management.

Mr. Hidehito Araki, aged 62 years, is a Japanese national. Mr. Araki completed his marketing major degree from San Diego State University (USA). Mr. Araki has 32 years of industry experience in countries like Japan, Singapore and India and covered the market of Japan, US, Pan Europe, Pan Pacific, including China, India, Middle East and Kenya. He has been CEO and Managing Director of Asatsu-DK-Fortune Pvt. Ltd., India. He has more than 15 years of experience in India-Japan business and is one of the most recognized Japanese business person in Delhi NCR. Mr. Araki is well connected with many CEOs of Japanese Corporate from heavy industries, car manufacturers to banking, trading and FMCG companies. Presently, he is also holding the position of Managing Director of Casa Blanka Consulting Pvt. Ltd. and directorship in Mindarika Private Limited and giving consultancy to approx. 35 Japanese and Indian reputed companies viz. Suzuki Motorcycle, Panasonic, Pilot, Kawasaki Heavy Industries, Yokohama, ICICI Bank, Jones Lang LaSalle, Continental Carriers etc. Mr. Araki is official coordinator for JETRO's SME Overseas Expansion Platform.

Mr. Araki neither holds the directorship nor membership of the Committees of the Board of Directors in any other listed company in India.

Mr. Hidehito Araki does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Mr. Hidehito Araki is not related to any other Director and Key Managerial Personnel of the Company.

A copy of the draft letter of appointment for Independent Directors, setting out the terms and conditions for appointment of Independent Directors is available for inspection by the Members at the registered office of the Company during business hours on any working day.

The Board considers that his association would be of immense benefit to the Company and it is desirable to appoint Mr. Hidehito Araki as an Independent Non-Executive Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Hidehito Araki as an Independent Non-Executive Director for a period of five (5) years with effect from 11th August, 2018, for the approval by the members of the Company.

Except Mr. Hidehito Araki, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the accompanying Notice.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The resolution is accordingly recommended for members' approval.

**Resolution No. 6**

Keeping in view the recommendations of the Nomination & Remuneration Committee, the Board of Directors of the Company, in its meeting held on 10th August, 2018 has appointed Mrs. Hiroko Nose (DIN 06389168) as an Additional Director w.e.f. 11th August, 2018, in the capacity of an Independent Woman Director of the Company, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting.

As an Additional Director, Mrs. Nose holds office till the date of the ensuing Annual General Meeting and is eligible for being appointed as an Independent Woman Director. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") from a Member signifying his intention to propose the appointment of Mrs. Hiroko Nose as a Director of the Company. The Company has also received a declaration from Mrs. Nose confirming that she meets the criteria of independence as prescribed under the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Mrs. Hiroko Nose is also not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director of the Company. In the opinion of the Board, Mrs. Nose fulfills the conditions for her appointment as an Independent Woman Director as specified in the Act and the Listing Regulations and she is independent of the management.

Mrs. Hiroko Nose, aged about 40 years, is a Japanese national. Mrs. Nose is a graduate in Law from Waseda University, Japan and also got degree of CPA (Certified Public Accountant) of Japan in 2003. After working at Deloitte in Tokyo as an auditor for six years, she finished MBA course from Kyoto university and came to India to provide financial advisory service to Japanese companies located in India. Presently, she is also holding the directorship in NAC Nose India Private Limited.

Mrs. Nose neither holds the directorship nor membership of the Committees of the Board of Directors in any other listed company in India.

Mrs. Hiroko Nose does not hold by herself or for any other person on a beneficial basis, any shares in the Company. Mrs. Nose is not related to any other Director and Key Managerial Personnel of the Company.

A copy of the draft letter of appointment for Independent Directors, setting out the terms and conditions for appointment of Independent Directors is available for inspection by the Members at the registered office of the Company during business hours on any working day.

The Board considers that her association would be of immense benefit to the Company and it is desirable to appoint Mrs. Hiroko Nose as an Independent Non-Executive Woman Director. Accordingly, the Board recommends the resolution in relation to appointment of Mrs. Hiroko Nose as an Independent Non-Executive Director for a period of five (5) years with effect from 11th August, 2018, for the approval by the members of the Company.

Except Mrs. Hiroko Nose, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the accompanying Notice.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The resolution is accordingly recommended for members' approval.

**Resolution No. 7**

Keeping in view the recommendations of the Nomination & Remuneration Committee, the Board of Directors of the Company, in its meeting held on 17th May, 2019, has appointed Lt. Gen. Praveen Bakshi (Retd.) (DIN 08261443) as an Additional Director w.e.f. 18th May 2019, in the capacity of an Independent Director of the Company, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting.

As an Additional Director, Lt. Gen. Praveen Bakshi (Retd.) holds office till the date of the ensuing Annual General Meeting and is eligible for being appointed as an Independent Director. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") from a Member signifying his intention to propose the appointment of Lt. Gen. Praveen Bakshi (Retd.) as a Director of the Company. The Company has also received a declaration from Lt. Gen. Bakshi (Retd.) confirming that he meets the criteria of independence as prescribed under the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Lt. Gen. Bakshi (Retd.) is also not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company. In the opinion of the Board, Lt. Gen. Bakshi (Retd.) fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations and he is independent of the management.

Lt. Gen. Praveen Bakshi (Retd.) aged 62 years, possesses the educational qualification of M.Sc. & M. Phil in Defence Studies, is a highly decorated retired army officer with an overall experience of 39+ years. During the long tenure of his service, he has held numerous commands and staff assignments. Before retiring from the Army, his last assignment was at Kolkata as Army Commander of Eastern Army, carrying the following major responsibilities:

- Command of all Army Formations and units in Eastern Army spanning Nine States, bordering five Countries, with approximately 3,00,000 troops.
- Financial Management in given area of responsibility.
- Enhancing operational capabilities by optimally leveraging funds under Army Commanders Special Financial Powers
- Member Board of Governors of AWHO and AGIF at New Delhi.

Lt. Gen. Bakshi (Retd.) holds specialization focusing core areas Strategic Leadership and Resource Optimization including Human Resources.

Lt. Gen. Praveen Bakshi (Retd.) is presently acting as an Independent Director on the Board of a Listed Company viz. GNA Axles Ltd. but he is not a member / chairperson of any of the Committees of the Board of Directors.

Lt. Gen. Praveen Bakshi (Retd.) does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Lt. Gen. Bakshi (Retd.) is not related to any other Director and Key Managerial Personnel of the Company.

A copy of the draft letter of appointment for Independent Directors, setting out the terms and conditions for appointment of Independent Directors is available for inspection by the Members at the registered office of the Company during business hours on any working day.

The Board considers that his association would be of immense benefit to the Company and it is desirable to appoint Lt. Gen. Bakshi (Retd.) as an Independent Non-Executive Director. Accordingly, the Board recommends the resolution in relation to appointment of Lt. Gen. Bakshi (Retd.) as an Independent Non-Executive Director for a period of five (5) years with effect from 18th May, 2019, for the approval by the members of the Company.

Except Lt. Gen. Praveen Bakshi (Retd.), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the accompanying Notice.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The resolution is accordingly recommended for members' approval.

**Resolution No. 8**

Keeping in view the recommendations of the Nomination & Remuneration Committee, the Board of Directors of the Company, in its meeting held on 17th May, 2019, has appointed Mr. Inder Mohan Singh (DIN 07114750) as an Additional Director w.e.f. 18th May, 2019 in the capacity of an Independent Director of the Company, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting.

As an Additional Director, Mr. Singh holds office till the date of the ensuing Annual General Meeting and is eligible for being appointed as an Independent Director. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") from a Member signifying his intention to propose the appointment of Mr. Inder Mohan Singh as a Director of the Company. The Company has also received a declaration from Mr. Singh confirming that he meets the criteria of independence as prescribed under the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Mr. Inder Mohan Singh is also not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company. In the opinion of the Board, Mr. Singh fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations and he is independent of the management.

Mr. Inder Mohan Singh, aged about 55 years, is a Fellow Member of the Institute of Company Secretaries of India and also a Law Graduate, possesses the membership of Delhi Bar Association. He has working experience about 18 years as in-house Corporate counsel and over a decade in practice. Presently, he is a Partner with the reputed Law Firm namely Shardul Amarchand Mangaldas & Co., and specializes across different practice areas including General Corporate Advisory, Mergers & Acquisitions, Private Equity, Corporate Governance and Education sector. Mr. Singh has acquired vast experience in the automobile industry especially in joint ventures, distribution networks, business transfers and technology licensing issues. Mr. Singh has worked for across industries inter-alia including cement, media and entertainment, telecom, real estate and the education sector.

Mr. Singh has advised several clients on corporate governance, acquisitions and investment related transactions, restructuring through Court / NCLT process and other corporate law related issues. Mr. Singh has also advised several clients in the education sector on acquisitions, transfer of control, regulatory, funding and structuring matters.

Mr. Singh is presently acting as an Independent Director on the Board of Eicher Motors Limited but he is not a member / chairperson of any of the Committees of the Board of Directors.

Mr. Inder Mohan Singh does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Mr. Singh is not related to any other Director and Key Managerial Personnel of the Company.

A copy of the draft letter of appointment for Independent Directors, setting out the terms and conditions for appointment of Independent Directors is available for inspection by the Members at the registered office of the Company during business hours on any working day.

The Board considers that his association would be of immense benefit to the Company and it is desirable to appoint Mr. Inder Mohan Singh as an Independent Non-Executive Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Inder Mohan Singh as an Independent Non-Executive Director for a period of five (5) years with effect from 18th May, 2019, for the approval by the members of the Company.

Except Mr. Inder Mohan Singh, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the accompanying Notice.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The resolution is accordingly recommended for members' approval.

**Resolution No. 9**

Keeping in view the recommendations of the Nomination and Remuneration Committee and the proposal of JTEKT Corporation, Technical and Financial Collaborator of the Company, the Board in their meeting held on 16 March 2019, appointed Mr. Hiroshi Ii (DIN: 08385716) as an Additional Director in the position of Executive Chairman of the Company effective from 15th April, 2019. In terms of the provisions of the of Section 161 of the Companies Act, 2013, Mr. Ii holds office of Director only up to the date of ensuing Annual General Meeting of the Company.

As required by Section 160 of the Companies Act, 2013, a notice has been received from a member of the Company signifying his intention to propose the appointment of Mr. Hiroshi Ii as Director of the Company. Keeping in view of Mr. Ii's rich experience and knowledge, the Board considers it desirable that the Company should avail the benefits of his expertise.

Mr. Hiroshi Ii, aged 61 years, is a Japanese national with rich experience in the sales and marketing. Mr. Ii completed his graduation in March 1983 and thereafter joined Koyo Seiko Co. Ltd. (earlier known as Koyo Corporation of USA) in April 1983 as Sales Engineer. In 1993 he was transferred to Koyo Bearings North America LLC. In the year 1999 Mr. Ii returned back to Koyo Seiko Tokyo Sales Office as Sales Engineer Manager. In the year 2006 he was promoted to the position of head of Tokyo Sales Office. In the year 2011, Mr. Ii became the Managing Officer and in April 2016 he was elevated to the position of Executive Managing Officer of JTEKT Corporation. In July 2016 Mr. Ii was transferred to JTEKT Europe S.A.S. as President. Mr. Hiroshi Ii is Executive Managing Officer of JTEKT Corporation, Japan. Mr. Ii has got vast experience of handling corporate sales and customer relations management.

Mr. Hiroshi Ii does not hold any Equity Shares of the Company. Mr. Ii is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director.

Mr. Ii does not hold the directorship and membership of the Committees of the Board of Directors in any other listed company in India.

Pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions of the Companies Act, 2013, the approval of the members is now being sought for appointment of Mr. Hiroshi Ii as Executive Chairman from 15th April, 2019 till 31st March, 2020, on the terms and conditions as embodied in the draft Agreement (a copy whereof shall be placed before the members) as referred to in the resolution. The extracts of the aforesaid draft Agreement to be executed between the Company and Mr. Hiroshi Ii are as under:

A) Remuneration

- a) Salary - ₹ 10,00,000/- (Rupees Ten Lacs Only) per month.
- b) Perquisites
  - i) In addition to the above remuneration, Mr. Hiroshi Ii, Executive Chairman of the Company shall be entitled to Rent Free Accommodation / HRA subject to a maximum of ₹ 2,00,000/- (Rupees Two Lacs Only) per month.
  - ii) Mr. Hiroshi Ii, Executive Chairman shall also be entitled to perquisites like Medical Allowance / Benefit / Reimbursement equivalent to ₹ 1,250/- (Rupees One Thousand Two Hundred Fifty Only) per month (as per Company's Policy).
  - iii) Mr. Hiroshi Ii, Executive Chairman shall also be entitled for Leave Travel Assistance / Concession (including visits to his home country and return by business class twice during the year) for self and family.

    Explanation: 'Family' means the spouse, the dependent children and dependent parents of the Appointee.
  - iv) Mr. Hiroshi Ii, Executive Chairman shall also be entitled to reimbursement of salary of a servant. The value of this perquisites shall be restricted to an amount equivalent to ₹ 7,500/- (Rupees Seven Thousand Five Hundred Only) per month.
  - v) Mr. Hiroshi Ii shall also be entitled for use of chauffeur driven Company Car, running and maintenance to be borne by Company, as per Company's policy for official duties and telephone(s) at residence (including payment for local calls and long distance official calls, internet).
  - vi) Group Personal Accident Insurance as per Company's Policy.
  - vii) One-time relocation charges payable on arrival (lump sum) ₹ 1,81,000/- (Rupees One Lac Eighty One Thousand Only).

  In the absence or inadequacy of profits in any financial year during the currency of the tenure of Mr. Hiroshi Ii as the Executive Chairman of the Company, the above remuneration shall be the minimum remuneration payable to Mr. Hiroshi Ii.

B) The appointment is for a period effective from 15th April, 2019 to 31st March, 2020 which may be terminated by either party giving the other party three (3) months' notice.

C) The appointment of the Executive Chairman shall not be liable to retire by rotation.

D) The Executive Chairman shall not be entitled to supplement his earnings under the appointment with any buying or selling commission. He shall also not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior approval of the Central Government.

E) The Executive Chairman shall be in the whole time employment of the Company and thus devote the whole of his attention to the business of the Company. During the terms of the service with the Company, the Executive Chairman hereby undertakes not to take up any other employment / assignment and further shall not draw any remuneration, commission, fees etc. from any other source in India.

F) The terms and conditions of the said appointment and /or remuneration may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Executive Chairman in accordance with Schedule V to the Companies Act, 2013, or any amendments / reconstitution hereafter in this regard.

The information required in terms of Clause (iv) of Section II of Part II of Schedule V to the Companies Act, 2013 is as under:

## I. GENERAL INFORMATION

(1) Nature of the Industry: The Company is a part of Indian Auto Ancillary Components Manufacturing Industry and is engaged in the business of manufacturing Steering Systems, Propeller Shafts, Axle Assemblies and other automobile components for its various customers viz. Maruti Suzuki, Mahindra & Mahindra, Tata Motors, Honda, Fiat India, Toyota Kirloskar, General Motors, John Deere, Club Car, E-z-go, Renault-Nissan and Isuzu at its Plants located in Gurugram, Dharuhera, Bawal, Chennai and Sanand. The Auto Ancillary Industry is a high technology industry with continuous advancement of technology.

The Company has technological advantage over its competitors due to Technical Collaboration with JTEKT Corporation, Japan, the global technology leader in Steering Systems.

(2) Date of Commercial Production: The Company commenced its commercial production on 1st October, 1987.

(3) Financial Performance based on given indicators : The financial performance of the Company (audited) during last five years is as under:

(₹ in Lakhs)

| Financial Parameters | Year ended 31st March, 2014 | Year ended 31st March, 2015 | Year ended 31st March, 2016 | Year ended 31st March, 2017 | Year ended 31st March, 2018 |
|---|---|---|---|---|---|
| Gross Income | 122616.70 | 123299.48 | 124530.16 | 133107.66 | 125346.07 |
| Net Profit as per Statement of Profit & Loss | 5166.15 | 1797.72 | 2499.73 | 2358.52 | 3080.97 |
| Amount of Dividend Paid | 1589.93 | 1291.82 | 993.71 | 993.71 | 993.71 |
| Rate of Dividend Declared | 80% | 65% | 50% | 50% | 50% |
| Export performance and net foreign exchange | 8902.62 | 6025.25 | 7601.53 | 7189.09 | 9252.77 |

(4) Foreign investment or collaboration, if any: The Company has entered into a Technical Collaboration Agreement with JTEKT Corporation (formerly known as Koyo Seiko Co., Ltd., Japan), the global technology leader in Steering Systems (hereinafter referred to as "JTEKT") for the manufacture of Manual Steering Systems in the year 1985, which has been extended from time to time. In order to cement the relationship between the Company and JTEKT, in the year 1992, the Company had allotted 6,00,000 nos. of Equity Shares of ₹ 10/- each at a premium of ₹ 22/- per share to JTEKT, on preferential basis, contributing to 7.8% Equity Share Capital of the Company.

In 1996, the Company had also acquired technology for manufacture of Power Steering Systems from JTEKT. In order to further strengthen the strategic alliance with JTEKT, the Company had allotted additional 12,00,000 nos. of Equity Shares of ₹ 10/- each for cash at a premium of ₹ 82/- per share to JTEKT, on preferential basis, in 1997.

With the increasing demand of Electric Power Steering in the car market and to meet the requirement of the car manufacturers in this regard, the Company negotiated with JTEKT to obtain the technology for Electric Power Steering and executed a technology transfer agreement for this purpose.

During the financial year 2006-07, the Company allotted additional Equity Shares and Convertible Warrants to Promoter Group including JTEKT Corporation. Consequent upon this, JTEKT Corporation holds 20.10% stake in the Equity Share Capital of the Company.

On 01st February, 2017 Sona Autocomp Holding Limited ('SAHL'), one of the Promoters of the Company, entered into a Share Purchase Agreement with JTEKT Corporation, Japan ('JTEKT'), Technical and Financial Collaborator of the Company and a member of the Promoter Group. In terms of the said Share Purchase Agreement, on May

18, 2017, JTEKT acquired from SAHL 25.12% of the equity shares of the Company on a fully diluted basis. Consequent to the said transaction, JTEKT's shareholding in the Company increased from 20.10% to 45.22%.

Further JTEKT acquired 25.23% from the general public vide public offer (open offer), made in compliance to the provisions of Regulation 3(1), 3(2), 3(3) and Regulation 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Thus JTEKT's equity holding was further increased from 45.22% to 70.45%.

In order to bring public shareholding to the minimum threshold level of 25%, JTEKT sold excess Promoters' shareholding of 2.39%, by way of 'Offer for Sale' (OFS) in accordance with the guidelines issued by Securities & Exchange Board of India, in two tranches completed on 20th March, 2018 and 9th April, 2018.

Further, for compliance of minimum threshold level of 25% of public shareholding of equity shares issued by the Company and in compliance to directives of Securities & Exchange Board of India in the matter of Amalgamation of JTEKT Sona Automotive India Limited (Amalgamating Company) and JTEKT India Limited (Amalgamated Company) and their respective Shareholders and their respective Creditors, JTEKT has sold at Stock Exchange excess Promoters' shareholding of 5.76% on 16th July, 2018.

Further, in terms of Scheme of Amalgamation of JTEKT Sona Automotive India Limited (Amalgamating Company) and JTEKT India Limited (Amalgamated Company) and their respective Shareholders and their respective Creditors, the Company has allotted equity shares to JTEKT thus increasing stake of JTEKT by 7.06%.

At present, the JTEKT's shareholding in the Company stands at 69.36%.

II. INFORMATION ABOUT THE APPOINTEE

(1) Background Details: The appointee is graduate from Waseda University and has a working experience of over 36 Years.

(2) Past Remuneration: (In previous employment, JTEKT Europe S.A.S. and JTEKT Corporation, Japan) ₹ 441 Lakhs Per Annum (approximately).

(3) Recognition or awards: NIL

(4) Job profile and his suitability: The appointee is the Executive Chairman of the Company and is responsible for entire sales and marketing operations of Company. Keeping in view of his experience and knowledge, he is best suited for the position.

(5) Remuneration Proposed: The detail of the remuneration proposed is as mentioned hereinabove.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: The appointee is a graduate from Waseda University and has a working experience of over 36 Years. The present job responsibilities of the appointee are - entire sales and marketing operations of the Company. Accordingly, keeping in view the present scenario of high pay package being offered by MNC / Class 'A' Indian Corporate(s), the proposed remuneration package of the appointee matches to the prevailing remuneration package in the concerned industry, size of the Company, profile of the position etc.

(7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: Except to the extent of his employment with the Company and being represented by JTEKT Corporation, the Financial and Technical Collaborator of the Company, Mr. Hiroshi Ii does not have any pecuniary relationship directly or indirectly with the Company or relationship with the Key Managerial Personnel.

III. OTHER INFORMATION

(1) Reasons of loss or inadequate profits: Not applicable, since the Company has earned adequate profits for the year ended 31st March, 2019 to cover the remuneration payable to the Executive Chairman.

(2) Steps taken or proposed to be taken for improvement: Not Applicable

(3) Expected increase in productivity and profits in measurable terms: Not Applicable

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 the Board recommends the Special Resolution set out at item no. 9 of the accompanying notice for approval of the members.

Except Mr. Hiroshi Ii, being the appointee and Mr. Akihiko Kawano and Mr. Hirofumi Matsuoka to the extent that they are the representatives of JTEKT Corporation, Japan, none of the Directors and/or Key Managerial Personnel of the Company and their relatives is in any way, concerned or interested financially or otherwise in the resolution pertaining to his appointment as Executive Chairman from 15th April, 2019 till 31st March, 2020. This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The resolution is accordingly recommended for members' approval.

**Resolution No. 10**

The Board of Directors of the Company in its meeting held on 18th May, 2017 had appointed Mr. Sudhir Chopra (DIN 00058148) as Director (Corporate Affairs) & Company Secretary of the Company, for a period of three years, effective from 18th May, 2017. The said appointment of Mr. Sudhir Chopra was also approved by the shareholders of the Company in their Annual General Meeting held on 22nd August, 2017.

Keeping in view the responsibilities and the contributions made by Mr. Sudhir Chopra and on the recommendations of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 17th May, 2019 elevated Mr. Sudhir Chopra, from Director (Corporate Affairs) to Executive Vice Chairman of the Company for a period of three years with effect from 01st June, 2019, subject to the approval of the shareholders of the Company. Mr. Chopra rescinded from the post of Company Secretary w.e.f. close of business hours of 17th May, 2019.

Mr. Sudhir Chopra, aged 61 years is a Commerce Hons. Graduate, Fellow Member of the Institute of Company Secretaries of India and a Law

Graduate. He has experience of over 37 years in various Corporates disciplines. In the past, he has worked with prestigious companies namely, Samtel India Limited, Clutch Auto Limited and Kelvinator India Limited (now known as 'Whirlpool India Limited'). Mr. Sudhir Chopra joined the Company in the year 1993 as Company Secretary and rose to the level of the Executive Director (Corporate Affairs) & Company Secretary. During his career, he has been instrumental in setting up various Joint Ventures and handled foreign acquisitions. He possesses rich experience in the field of corporate restructurings, besides managing the functions of finance, tax and commercial disciplines at the Corporate level. As Director (Corporate Affairs) & Company Secretary he was responsible to manage following functions:

- Finance & Accounts;
- Direct Taxation;
- Corporate Human Resources;
- Internal Audit;
- Information Technology; and
- Legal & Investor Relations.

During his career, he has been on the Boards of various prestigious companies. He has also been a member of the Supervisory Board of BLW Präzisionsschmiede GmbH, Germany from 2008 to 2015. Mr. Sudhir Chopra is also a Director on the Board of JTEKT Fuji Kiko Automotive India Limited and Roop Automotives Limited. He is also Chairman of Audit Committee of JTEKT Fuji Kiko Automotive India Limited. He holds 1506 nos. of Equity Shares of the Company.

Mr. Sudhir Chopra is not disqualified under Section 164 of the Act.

Pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions of the Companies Act, 2013, the approval of the members is now being sought for appointment of Mr. Sudhir Chopra as Executive Vice Chairman from 1st June, 2019 till 31st May, 2022, on the terms and conditions as embodied in the draft Agreement (a copy whereof shall be placed before the members) as referred to in the resolution. The extracts of the aforesaid draft Agreement to be executed between the Company and Mr. Sudhir Chopra are as under:

(I) Mr. Sudhir Chopra as Executive Vice Chairman shall carry out such duties as may be entrusted to him subject to the supervision and control of the Board of Directors and he shall also perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors of the Company.

(II) **Remuneration**

a) Basic Salary

Basic Salary of ₹ 6,00,000/- (Rupees Six Lacs Only) per month.

b) Perquisites:

i) In addition to the above remuneration, Mr. Sudhir Chopra, Executive Vice Chairman of the Company shall be entitled to furnished accommodation (including gas, electricity, water etc.) or House Rent Allowance. The value of this perquisite shall be restricted to an amount equivalent to 60% of the basic salary per month.

ii) Mr. Sudhir Chopra, Executive Vice Chairman shall also be entitled to perquisites like Medical reimbursement, Leave Travel Concession for self and family. The value of these perquisites shall be restricted to an amount equivalent to ₹ 7,250/- (Rupees seven thousand two hundred fifty only) per month.

Explanation: 'Family' means the spouse, the dependent children and dependent parents of the Appointee.

iii) Provision for use of chauffeur driven Company Car for official duties (running and maintenance thereof by the Company) and telephone(s) at residence (including payment of local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling of perquisites. In case, the Company Car is not provided, then a Car allowance of ₹ 50,000/- (Rupees fifty thousand only) per month shall be provided along with Chauffer and conveyance as per Company's Policy.

iv) Special Allowance of ₹ 41,666/- (Rupees forty one thousand six hundred sixty six only) per month, being the "Occupier" of the Company.

v) Company's contribution to Provident Fund and Superannuation Fund as per Company's Policy.

vi) Gratuity payable will not exceed half month's salary for each completed year of service.

vii) Encashment of leave as per Company's policy.

(III) **Annual Bonus**

In addition to the above salary and perquisites, Mr. Sudhir Chopra shall be entitled to annual bonus linked to the performance as may be decided by the Board of Directors of the Company based upon the financial results of the Company for the relevant year.

In the absence or inadequacy of profits in any financial year during the currency of the tenure of Mr. Sudhir Chopra as Executive Vice Chairman of the Company, the above remuneration shall be the minimum remuneration payable to Mr. Sudhir Chopra.

(IV) The appointment is effective from 1st June, 2019 till 31st May, 2022, which may be terminated by either party giving the other party three months' notice.

(V) The appointment of the Executive Vice Chairman shall be liable to retire by rotation.

(VI) The Executive Vice Chairman shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission.

(VII) The Executive Vice Chairman shall be in the whole-time employment of the Company and thus devote the whole of his attention to the business of the Company. During the terms of the service with the Company, the Executive Vice Chairman shall not take up any other employment / assignment and further shall not draw any remuneration, commission, fees etc. from any other source, whether in India or abroad.

(VIII) The terms and conditions of the said appointment and / or Agreement(s) may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Executive Vice Chairman in accordance with Schedule V to the Companies Act, 2013, or any amendments / re-constitution hereafter in this regard.

I. GENERAL INFORMATION

(1) Nature of the Industry: The Company is a part of Indian Auto Ancillary Components Manufacturing Industry and is engaged in the business of manufacturing Steering Systems, Propeller Shafts, Axle Assemblies and other automobile components for its various customers viz. Maruti Suzuki, Mahindra & Mahindra, Tata Motors, Honda, Fiat India, Toyota Kirloskar, General Motors, John Deere, Club Car, E-z-go, Renault-Nissan and Isuzu at its Plants located in Gurugram, Dharuhera, Bawal, Chennai and Sanand. The Auto Ancillary Industry is a high technology industry with continuous advancement of technology.

The Company has technological advantage over its competitors due to Technical Collaboration with JTEKT Corporation, Japan, the global technology leader in Steering Systems.

(2) Date of Commercial Production: The Company commenced its commercial production on 1st October, 1987.

(3) Financial Performance based on given indicators : The financial performance of the Company (audited) during last five years is as under:

(₹ In Lakhs)

| Financial Parameters | Year ended 31st March, 2014 | Year ended 31st March, 2015 | Year ended 31st March, 2016 | Year ended 31st March, 2017 | Year ended 31st March, 2018 |
|---|---|---|---|---|---|
| Gross Income | 122616.70 | 123299.48 | 124530.16 | 133107.66 | 125346.07 |
| Net Profit as per Statement of Profit & Loss | 5166.15 | 1797.72 | 2499.73 | 2358.52 | 3080.97 |
| Amount of Dividend Paid | 1589.93 | 1291.82 | 993.71 | 993.71 | 993.71 |
| Rate of Dividend Declared | 80% | 65% | 50% | 50% | 50% |
| Export performance and net foreign exchange | 8902.62 | 6025.25 | 7601.53 | 7189.09 | 9252.77 |

(4) Foreign investment or collaboration, if any: The Company has entered into a Technical Collaboration Agreement with JTEKT Corporation (formerly known as Koyo Seiko Co., Ltd., Japan), the global technology leader in Steering Systems (hereinafter referred to as "JTEKT") for the manufacture of Manual Steering Systems in the year 1985, which has been extended from time to time. In order to cement the relationship between the Company and JTEKT, in the year 1992, the Company had allotted 6,00,000 nos. of Equity Shares of ₹ 10/- each at a premium of ₹ 22/- per share to JTEKT, on preferential basis, contributing to 7.8% Equity Share Capital of the Company.

In 1996, the Company had also acquired technology for manufacture of Power Steering Systems from JTEKT. In order to further strengthen the strategic alliance with JTEKT, the Company had allotted additional 12,00,000 nos. of Equity Shares of ₹ 10/- each for cash at a premium of ₹ 82/- per share to JTEKT, on preferential basis, in 1997.

With the increasing demand of Electric Power Steering in the car market and to meet the requirement of the car manufacturers in this regard, the Company negotiated with JTEKT to obtain the technology for Electric Power Steering and executed a technology transfer agreement for this purpose.

During the financial year 2006-07, the Company allotted additional Equity Shares and Convertible Warrants to Promoter Group including JTEKT Corporation. Consequent upon this, JTEKT Corporation holds 20.10% stake in the Equity Share Capital of the Company.

On 01st February, 2017 Sona Autocomp Holding Limited ('SAHL'), one of the Promoters of the Company, entered into a Share Purchase Agreement with JTEKT Corporation, Japan ('JTEKT'), Technical and Financial Collaborator of the Company and a member of the Promoter Group. In terms of the said Share Purchase Agreement, on May 18, 2017, JTEKT acquired from SAHL 25.12% of the equity shares of the Company on a fully diluted basis. Consequent to the said transaction, JTEKT's shareholding in the Company increased from 20.10% to 45.22%.

Further JTEKT acquired 25.23% from the general public vide public offer (open offer), made in compliance to the provisions of Regulation 3(1), 3(2), 3(3) and Regulation 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Thus JTEKT's equity holding was further increased from 45.22% to 70.45%.

In order to bring public shareholding to the minimum threshold level of 25%, JTEKT sold excess Promoters' shareholding of 2.39%, by way of 'Offer for Sale' (OFS) in accordance with the guidelines issued by Securities & Exchange Board of India, in two tranches completed on 20th March, 2018 and 9th April, 2018.

Further for compliance of minimum threshold level of 25% of public shareholding of equity shares issued by the Company and in compliance to directives of Securities & Exchange Board of India in the matter of Amalgamation of JTEKT Sona Automotive India Limited (Amalgamating Company) and JTEKT India Limited (Amalgamated Company) and their respective Shareholders and their respective Creditors, JTEKT has sold at Stock Exchange excess Promoters' shareholding of 5.76% on 16th July, 2018.

Further, in terms of Scheme of Amalgamation of JTEKT Sona Automotive India Limited (Amalgamating Company) and JTEKT India Limited (Amalgamated Company) and their respective Shareholders and their respective Creditors, the Company has allotted equity shares to JTEKT, thus increasing stake of JTEKT by 7.06%.

At present, the JTEKT's shareholding in the Company stands at 69.36%.

II. INFORMATION ABOUT THE APPOINTEE

(1) Background Details: The appointee is a Commerce (Hons.) Graduate, Fellow Member of the Institute of Company Secretaries of India and a Law Graduate. He possesses rich experience of over 41 years in various Corporate disciplines. During his career, he has been instrumental in setting up various Joint Ventures and handled foreign acquisitions. He possesses rich experience in the field of corporate restructurings, besides managing the functions of finance, tax and commercial disciplines at the Corporate level.

(2) Past Remuneration: Mr. Sudhir Chopra as Director (Corporate Affairs) & Company Secretary has drawn an amount of ₹ 1,59,37,020/- as remuneration from the Company, during the financial year ended 31st March, 2019.

(3) Recognition or awards: NIL

(4) Job profile and his suitability: The appointee is the Executive Vice Chairman and is responsible to manage following functions:

- Finance & Accounts;
- Direct Taxation;
- Corporate Human Resources;
- Internal Audit;
- Information Technology; and
- Legal & Investor Relations.

Keeping in view of his experience and knowledge, he is best suited for the position.

(5) Remuneration Proposed: The detail of the remuneration proposed is as mentioned hereinabove.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: The appointee is the Executive Vice Chairman. The present job responsibilities of the appointee are mentioned above. Accordingly, keeping in view the present scenario of high pay package being offered by MNC / Class 'A' Indian Corporate(s), the proposed remuneration package of the appointee matches to the prevailing remuneration package in the concerned industry, size of the Company, profile of the position etc.

(7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: Except to the extent of his employment with the Company, Mr. Sudhir Chopra does not have any pecuniary relationship directly or indirectly with the Company or relationship with the Key Managerial Personnel.

III. OTHER INFORMATION

(1) Reasons of loss or inadequate profits: Not applicable, since the Company has earned adequate profits for the year ended 31st March, 2019 to cover the remuneration payable to the Executive Vice Chairman.

(2) Steps taken or proposed to be taken for improvement: Not Applicable

(3) Expected increase in productivity and profits in measurable terms: Not Applicable

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 the Board recommends the Special Resolution set out at item no. 10 of the accompanying notice for approval of the members.

Except Mr. Sudhir Chopra, being the appointee and shareholder, none of the directors and/or key managerial personnel of the Company and their relatives is in any way, concerned or interested financially or otherwise in the resolution pertaining to his appointment. This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The resolution is accordingly recommended for members' approval.

**Resolution No. 11**

In terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all transactions with related parties, which are of material in nature, are subject to the approval of the Members of the Company by an ordinary resolution and no related party shall vote to approve such resolutions. For this purpose, the term "Material Transaction" means any transaction entered either individually or taken together with previous transactions during a financial year, that exceeds ten percent of the annual consolidated turnover as per the last audited financial statements of the Company. Further, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity. Each of the proposed transaction with Maruti Suzuki India Limited (hereinafter referred to as 'MSIL'); JTEKT Corporation, Japan (hereinafter referred to as 'JTEKT') and JTEKT Fuji Kiko Automotive India Limited (hereinafter referred to as 'JFIN') is likely to exceed the materiality threshold as provided under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, therefore, would require the approval of the members by passing an Ordinary Resolution. The shareholders of the Company in the Annual General Meeting held on 05th August, 2016 had earlier approved the Material Transactions with MSIL for sale/ purchase of components / goods and availing / providing of services for the maximum amounts of ₹ 800 crores. The transactions with the

Company's technical and financial collaborator JTEKT are likely to exceed the threshold for determining the materiality in the FY 2019-20 onwards. Similarly, transactions with Company's subsidiary JFIN are also likely to exceed the threshold for determining the materiality in the near future.

In view of the expected growth in the business of the Company, it is now proposed to obtain a fresh approval of the shareholders for the enhanced limits as stated in the relevant resolution.

In order to comply with the requirements of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company proposes the members to approve the aforesaid material related party transactions by way of a resolution, the details of which are mentioned below:

1) Name of the Related Parties and Nature of relationship:

   Maruti Suzuki India Limited is one of the Promoters of the Company holding 5.64% of equity shares in the capital of the Company. MSIL is a major customer contributing approx. 49% to the revenue of the Company.

   JTEKT Corporation, Japan (JTEKT) is Technical and Financial Collaborator of the Company and is also the Promoter and Holding Company of your Company. JTEKT currently holds 69.36% of equity shares in the capital of the Company.

   JTEKT Fuji Kiko Automotive India Limited (JFIN) is a subsidiary company which has been promoted by your Company in Technical and Financial Collaboration with Fuji Kiko Co. Ltd. for the manufacturing of steering column; intermediate shaft and other automotive components. Your Company currently holds 51% of equity shares in the capital of JFIN.

2) Nature, material terms and other brief details of proposed transactions:

   - **With Maruti Suzuki India Limited:** The proposed transaction is for the sale of Steering Systems and components thereof.

     Amount involved: Up to ₹ 2000.00 crores (plus applicable taxes in force like GST etc.) per annum.

     Validity of arrangement: It is a long term ongoing agreement unless terminated by the parties otherwise.

   - **With JTEKT Corporation, Japan:** The proposed transaction is for the Component Imports; Royalty; Technical Support; Reimbursement of Expenses Paid / Received; Purchase of Machines and Sale of Samples / Components.

     Amount involved: Up to ₹ 400.00 crores (plus applicable taxes in force like GST etc.) per annum.

     Validity of arrangement: Your company has executed long term arrangement for Technical Support and Royalty with the Holding Company of the Company.

   - **With JTEKT Fuji Kiko Automotive India Limited:** The proposed transaction is for the sale of components and purchases of automotive components.

     Amount involved: Up to ₹ 400.00 crores (plus applicable taxes in force like GST etc.) per annum.

     Validity of arrangement: It is a long term ongoing agreement unless terminated by the parties otherwise.

3) Name of the Directors / Key Managerial Personnel who is related, if any: Except to the extent of their shareholding interest, if any, none of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, "financially or otherwise", in this resolution except:

   - Mr. Toshiya Miki (Director), to the extent being Nominated by MSIL on the Board of the Company.
   - Mr. Hiroshi Ii (Executive Chairman), to the extent being representative of JTEKT Corporation, Japan and Nominee Director of JTEKT India Limited on the Board of JTEKT Fuji Kiko Automotive India Limited.
   - Mr. Akihiko Kawano (Managing Director), to the extent being representative of JTEKT Corporation, Japan and Nominee Director of JTEKT India Limited on the Board of JTEKT Fuji Kiko Automotive India Limited.
   - Mr. Hirofumi Matsuoka (Director), to the extent being representative of JTEKT Corporation, Japan.
   - Mr. Sudhir Chopra (Director Corporate Affairs) to the extent being Nominne Director of JTEKT India Limited on the Board of JTEKT Fuji Kiko Automotive India Limited.

The resolution is accordingly recommended for members' approval.

### Profile of Directors seeking appointment / re-appointment as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Re-appointment of Mr. Sudhir Chopra (DIN 00058148) (Item No. 3 & 10)

For the details of Mr. Sudhir Chopra, please refer to the above Explanatory Statement in respect of the Special Business set out at item no. 10 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

Appointment of Mr. Hirofumi Matsuoka (DIN 08192915) (Item No. 4)

For the details of Mr. Hirofumi Matsuoka, please refer to the above Explanatory Statement in respect of the Special Business set out at item no. 4 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

Appointment of Mr. Hidehito Araki (DIN 02517509) (Item No. 5)

For the details of Mr. Hidehito Araki, please refer to the above Explanatory Statement in respect of the Special Business set out at item no. 5 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

Appointment of Ms. Hiroko Nose (DIN 06389168) (Item No. 6)

For the details of Ms. Hiroko Nose, please refer to the above Explanatory Statement in respect of the Special Business set out at item no. 6 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

Appointment of Lt. Gen. Praveen Bakshi (Retd.) (DIN 08261443) (Item No. 7)

For the details of Lt. Gen. Praveen Bakshi (Retd.), please refer to the above Explanatory Statement in respect of the Special Business set out at item no. 7 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

Appointment of Mr. Inder Mohan Singh (DIN 07114750) (Item No. 8)

For the details of Mr. Inder Mohan Singh, please refer to the above Explanatory Statement in respect of the Special Business set out at item no. 8 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

Appointment of Mr. Hiroshi Ii (DIN: 08385716) (Item No. 9)

For the details of Mr. Hiroshi Ii, please refer to the above Explanatory Statement in respect of the Special Business set out at item no. 9 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

**Inspection of Documents**

The material documents referred to hereinabove will remain open for inspection for the members at the Registered Office of the Company from the date hereof up to the date of the ensuing Annual General Meeting during 3.00 PM to 5.00 PM on working days.

By Order of the Board

Place : Registered Office:
UGF-6, Indraprakash
21, Barakhamba Road
New Delhi 110 001.

Dated : 17th May, 2019

**Sudhir Chopra**
Director (Corporate Affairs) &
Company Secretary
[DIN – 00058148]

JTEKT

# JTEKT INDIA LIMITED

**[Formerly known as Sona Koyo Steering Systems Limited]**
(**CIN :** L29113DL1984PLC018415)
**Regd.Off.**- UGF-6, Indraprakash, 21, Barakhamba Road, New Delhi 110 001.
**Tel.No.** – 011-23311924, 23327205
**Email** – investorgrievance@jtekt.co.in, **Website** – www.jtekt.co.in

## PROXY FORM

I/We, ............................................................................................................ R/o ..........................................................................................................................................

being the member(s), holding ...................................................................................................shares of JTEKT India Limited hereby appoint:

(1) Name................................................................................................ Address ..........................................................................................................................

Email Id:........................................................................................... Signature ........................................................................................... or failing him/her;

(2) Name................................................................................................ Address ..........................................................................................................................

Email Id:........................................................................................... Signature ........................................................................................... or failing him/her;

(3) Name................................................................................................ Address ..........................................................................................................................

Email Id:........................................................................................... Signature ..........................................................................................................................

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty Fifth Annual General Meeting of the Company, to be held on Friday, the 9th August, 2019 at 04.00 p.m. at Air Force Auditorium, Subroto Park, New Delhi 110 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Resolutions | Optional* | |
|---|---|---|---|
| | | For | Against |
| **Ordinary Business** | | | |
| 1. | Adoption of Standalone and Consolidated Financial Statements for the year ended 31st March, 2019. | | |
| 2. | Declaration of dividend on equity shares. | | |
| 3. | Re-appointment of Mr. Sudhir Chopra, who retires by rotation and, being eligible, offers himself for re-appointment. | | |
| **Special Business** | | | |
| 4. | Appointment of Mr. Hirofumi Matsuoka as Director of the Company. | | |
| 5. | Appointment of Mr. Hidehito Araki as Independent Director of the Company. | | |
| 6. | Appointment of Mrs. Hiroko Nose as Independent Woman Director of the Company. | | |
| 7. | Appointment of Lt. Gen. Praveen Bakshi (Retd.) as Independent Director of the Company. | | |
| 8. | Appointment of Mr. Inder Mohan Singh as Independent Director of the Company. | | |
| 9. | Appointment of Mr. Hiroshi Ii as an Executive Chairman and Non-rotational Director of the Company. | | |
| 10. | Appointment of Mr. Sudhir Chopra as Executive Vice Chairman of the Company. | | |
| 11. | To approve entering into material related party transactions. | | |

Signed this.................................................................................... day of ...................................................................................... 2019.

Member's Folio/DP ID-Client ID No.........................................Signature of shareholder(s).............................................................

Signature of Proxy holder (s)...........................................................................................................................................................

Affix Revenue Stamp of ₹ 1/-

Notes
1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes please refer to the Notice of the Thirty Fifth Annual General Meeting.

*3. It is optional to put a (✓) in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

4. Please complete all details including details of member(s) in above box before submission.

# JTEKT INDIA LIMITED

**[Formerly known as Sona Koyo Steering Systems Limited]**

(**CIN :** L29113DL1984PLC018415)

**Regd.Off.**- UGF-6, Indraprakash, 21, Barakhamba Road, New Delhi 110 001.

**Tel.No.** – 011-23311924, 23327205

**Email** – investorgrievance@jtekt.co.in, **Website** – www.jtekt.co.in

## ATTENDANCE SLIP

Folio No............................................................ DP Id No. .......................................................................Client Id No..........................................................................

Name of Member..........................................................................................................................................................................................

Father's / Husband's Name...........................................................................................................................................................................

No. of Shares held..........................................................................................................................................................................................

Name of Proxy / Representative ..................................................................................................................................................................

I hereby record my presence at the **35th Annual General Meeting** of the Company at **The Air Force Auditorium, Subroto Park, New Delhi-110010** on **Friday**, the **9th August, 2019**.

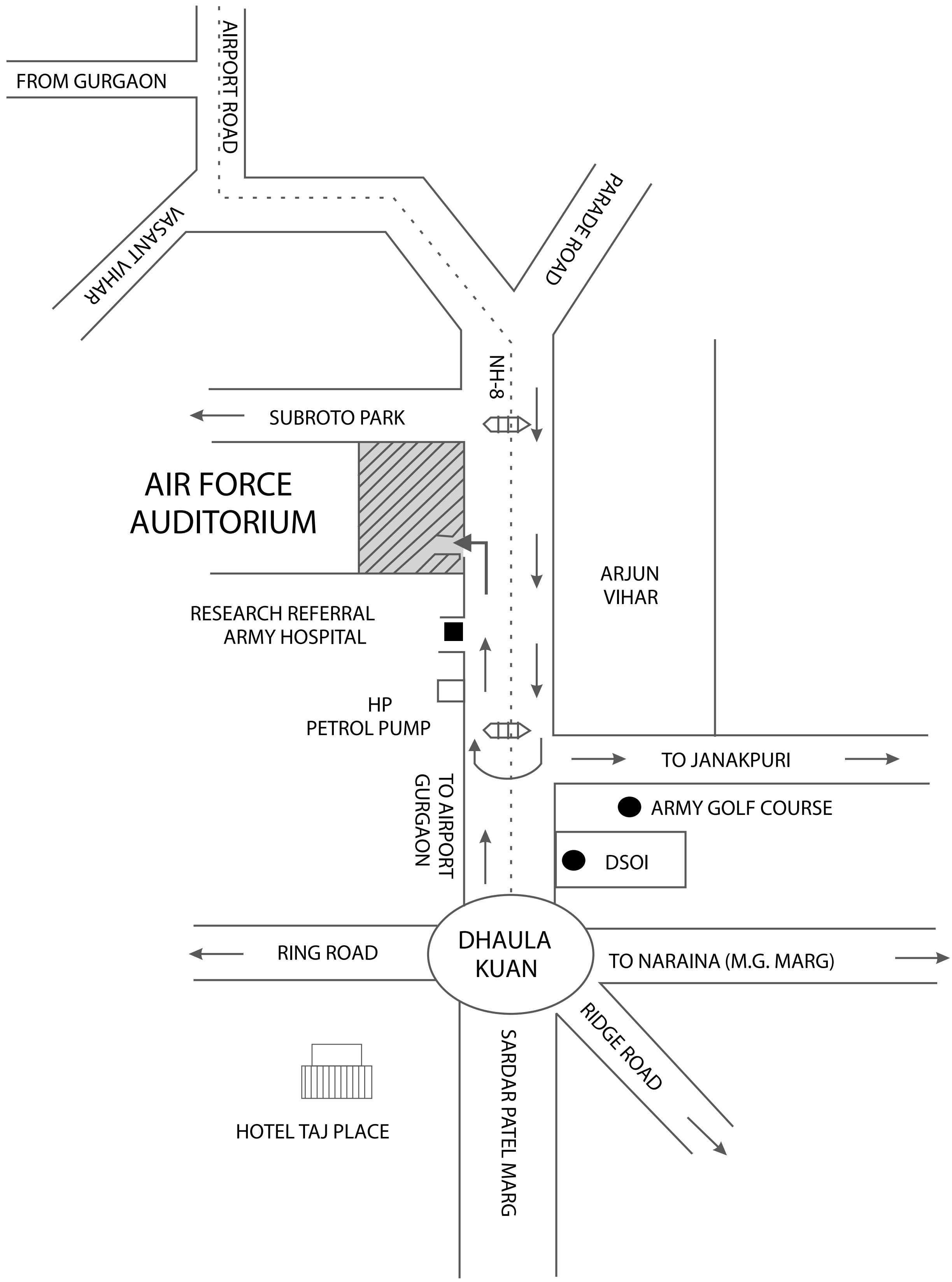
..........................................................................................................................

Member's/Proxy's/Representative's Signature

Notes :
1) Please fill in this attendance slip and hand it over at the entrance of the Meeting Hall.
2) Member's Signature should be in accordance with the specimen signature registered with the Company.
3) For security reasons, briefcases, transistors, bags, tiffin boxes, cameras, binoculars, eatables etc. will not be allowed inside the Meeting Hall.

# ROUTE MAP

## FOR VENUE OF 35TH ANNUAL GENERAL MEETING OF THE COMPANY SCHEDULED TO BE HELD ON FRIDAY THE 9TH AUGUST, 2019



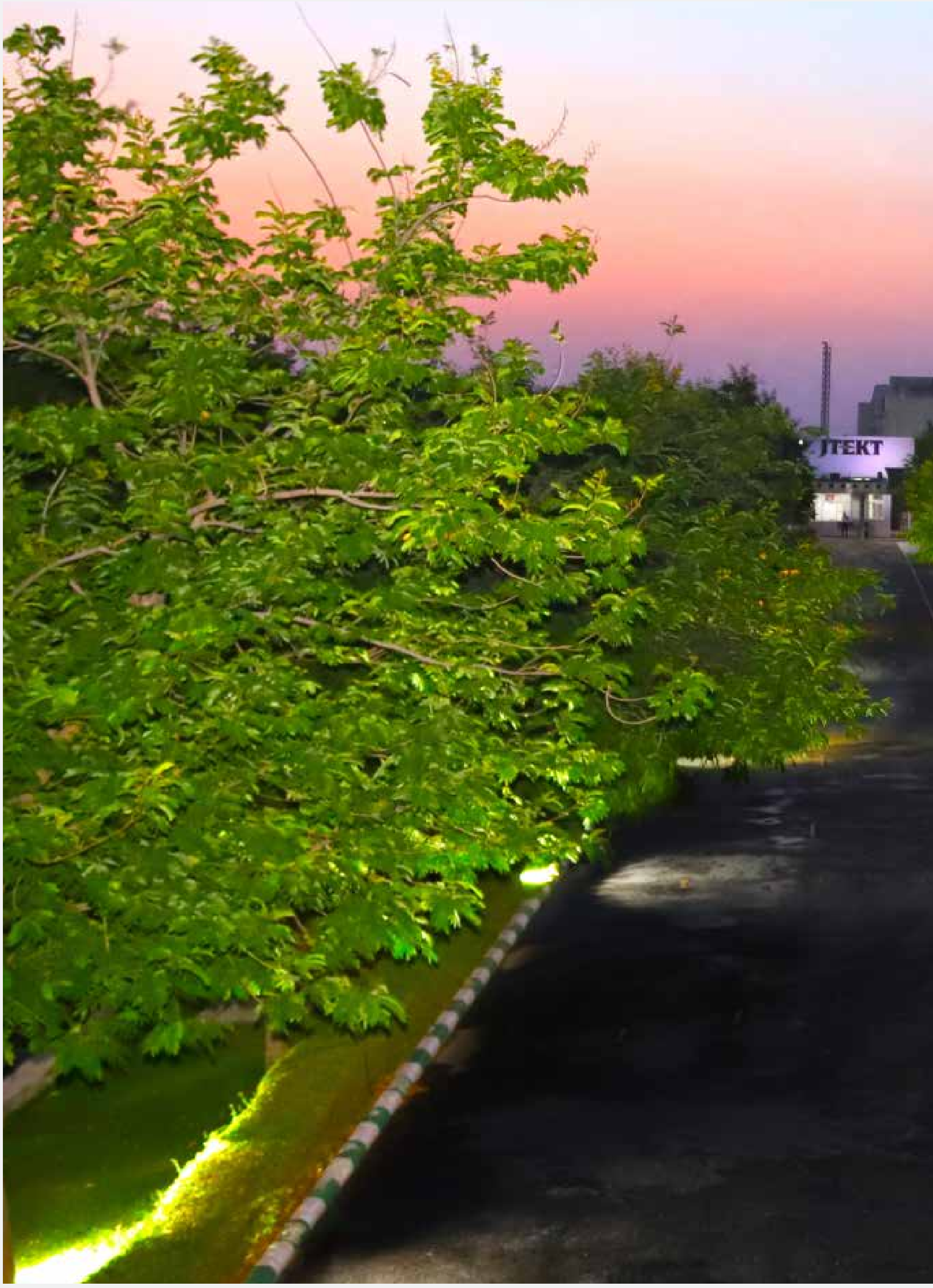
# consolidation

**JTEKT India Limited**

Annual Report 2018-19

# Contents






> Patience, persistence and perspiration make an unbeatable combination for success.

# consolidation

Patience, persistence and perspiration make an unbeatable combination for success. This famous line by author Napoleon Hill precisely summarizes the current status of our Company. Financial Year 2018-19 (FY19) was quite an eventful year for us, as we made few strategic moves to consolidate our operations. After making fundamental changes like aligning the name of the Company during financial year 2017-18 (FY18) to reflect the Company's affiliation with the parent - JTEKT Corporation's strong global branding, the Company moved on to amalgamate the operations of JTEKT Sona Automotive India Limited (JSAI), its associate Company in India, which is a part of the value chain in the manufacturing of Steering Assemblies in India.

The current financial year saw the completion of amalgamation of JSAI with our Company. This consolidation is expected to bring major business synergies and operational efficiencies. Two major operations involving manufacture of "Manual Gear" and "Electric Column", which henceforth were carried out by our Company and JSAI respectively, will now be performed by the amalgamated entity. The amalgamation would thus help in streamlining of manufacturing operations, reducing the overall production turnaround time and at the same time, improving efficiencies and reducing costs. This will also enable the Company to provide a unified interface to our customers, which includes access to the entire steering assembly offering from a single source.

## The Company expects following benefits to accrue from this amalgamation:

Leveraging the pool of resources available with the two entities, including consolidation of technical facilities, which are critical for testing and validation of products

Single window contact for our customers and vendors

Enhanced Scale of operations in Supply chain, including consolidation of vendor base

Optimize costs in various areas of business operation including logistics, compliances, administration and all operations which can be aligned

Efficient usage of cash resources, reduction of debt

Business growth opportunities helping us to create a pool of highly motivated and talented human resources


All this will ultimately position the Company to serve its stakeholders better and with this strategic move, we are confident that we would be able to fulfill our vision of

SHAPING A BETTER FUTURE THROUGH THE SPIRIT OF

**"NO. 1 & THE ONLY ONE"**

# Message from Chairman's Desk

**Dear Shareholders,**

It gives me great pleasure to connect with you, for presenting our Company's Annual Report for FY19. As my first-ever address to you, I am excited to share the progress of JTEKT India Limited's performance for the year gone by. I am really honoured to be at the helm of affairs of JTEKT India Limited.

Let me begin with a brief on the global and Indian economic scenario. The global economy witnessed a mixed growth scenario in the year 2018. While the initial part of the year 2018 was a continuation of the strong growth from the year 2017, the latter part of the year saw some decline due to weak consumer and business sentiment. The growth in 2018 was pegged at 3.6% and is expected to decline to 3.3% in 2019. Nevertheless, the Indian economy continued its northward trajectory as it

50,000+

JTEKT CORP. EMPLOYEES

3700+

JTEKT INDIA TEAM SIZE

posted a 7.1% in the year 2018 and is expected to rise to 7.3% in the year 2019, on the back of robust domestic demand, expansionary monetary policies and easing effect of inflationary pressures.

Turning to our industry, the global automotive industry witnessed a negative impact due to the slowing global growth. The US-China trade disputes, declining Chinese auto growth, stricter European norms and Brexit announcement had a serious impact on the auto industry across regions. However, the silver lining around these dark clouds is that the Indian automotive industry can rise to the challenge and strengthen its candidature as a global automotive hub. India has already marked its strong presence in this space, with various offerings and reforms. The global majors have taken notice of this and have already established their presence in India. Indian automobile production grew by over 6% during FY19 to reach a level of 30.9 million vehicles. While the domestic passenger vehicles sales grew by 2.7%, the commercial vehicles revved up by 17.6% compared to its previous fiscal.

Let me now delve into our Company. JTEKT India Limited had an eventful FY19, with a host of strategic activities throughout the year. The Company has reported a growth in its revenue from operations viz-a-viz last year and posted a PAT of INR 685 million. Improvement in profitability reflects the success of Company's efforts in controlling the fixed costs and synergies resulting on account of amalgamation.

Strategically, we consolidated our steering systems offerings, by amalgamating JTEKT Sona Automotive India Limited "JSAI". This move will augur in enhancing economies of scale, improvising capital allocation, optimizing cash flows and resulting in better 'customer service'. We are bullish about our growth and continue to invest in the country. In line with this, we are also in advanced discussions and have initiated feasibility study to setup a new plant on our existing 30-acre land in Gujarat. Once this facility is constructed, it would enable us to supply to our customers in the automotive hub of Gujarat, reducing lead time and improving customer satisfaction.

JTEKT Corporation, Japan currently serves four segments of business globally – steering, ball bearing, driveline and machine tools and I am delighted to inform that we have a leading market position in all these segments.

**Looking at the years ahead, I foresee that the Indian automobile industry will see fundamental and structural transformations and the pace of such changes is expected to accelerate in the times to come. While many will look at such uncertainties as challenging times, we see them as opportunities. We continue to invest in upgrading existing capacities and build new capacities, improve our manufacturing efficiencies and focus on people capabilities to tap the future business prospects. Further, our global technical centres continue to focus** towards improving existing products, as well as developing state-of-the-art new products, utilizing latest in AI, IoT, autonomous technologies to bring globally benchmarked products in the country.

> Indian automobile industry will see fundamental and structural transformations and the pace of such changes is expected to accelerate in the times to come. While many will look at such uncertainties as challenging times, we see them as opportunities.

I am proud that the 50,000+ employees globally share a rich heritage as a part of the JTEKT Corporation. As a corporate present in 28 countries with more than 150 subsidiaries worldwide, our vision of **'No. 1 & Only One' is the glue which binds our multi-locational and multi-cultural organization**.

As a part of enhanced corporate governance, we have added new Board members, which include highly experienced professionals from diverse fields including legal, finance and administration. I take this opportunity to thank the Board members for their invaluable guidance to the management team.

I would conclude by expressing my sincere gratitude towards all our stakeholders – customers, vendors, creditors, our dedicated workforce, and above all, to you – our valuable shareholders, for your continued faith and support in all our endeavors. Let us together continue this exciting journey of value creation...

Yours Truly,

**Hiroshi Ii**
Chairman

# Board of Directors


Mr. Hiroshi Ii


Mr. Akihiko Kawano


Mr. Sudhir Chopra


Mr. Hirofumi Matsuoka


Mr. Toshiya Miki


Mr. Ravi Bhoothalingam


Mrs. Geeta Mathur


Mr. Hidehito Araki


Mrs. Hiroko Nose

# Corporate Information

## Board of Directors

**Mr. Hiroshi Ii**
Chairman

**Mr. Akihiko Kawano**
Managing Director

**Mr. Sudhir Chopra**
Director (Corporate Affairs) & Company Secretary

**Mr. Hirofumi Matsuoka**
Director

**Mr. Toshiya Miki**
Nominee of Maruti Suzuki India Limited

**Mr. Ravi Bhoothalingam**
Independent Director

**Mrs. Geeta Mathur**
Independent Director

**Mr. Hidehito Araki**
Independent Director

**Mrs. Hiroko Nose**
Independent Director

## Company Secretary

**Mr. Sudhir Chopra**

## Operating Management

Mr. Sudhir Chopra
Mr. Akihiko Kawano
Mr. A.D. Rao
Mr. Rajiv Chanana
Mr. Dinesh Kumar Agarwal
Mr. Rakesh Gaind
Mr. Deepak Arora
Mr. Kenji Okazaki
Mr. Ravinder Narula
Mr. Naohiro Yoshida
Mr. Osamu Miyazaki
Mr. Sudhir Kumar Sharma
Mr. Akhil Kumar Jain
Mr. S.Senthil Kumar
Mr. Jaydeep Kumar
Mr. Anil Tiwari
Mr. Rakesh Garg

## Technical Partner

JTEKT Corporation, Japan

## Auditors

**M/s. B S R & Co. LLP**

Chartered Accountants
Building No. 10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram 122002 (Haryana).

## Bankers

State Bank of India
Standard Chartered Bank
Corporation Bank
Allahabad Bank
Kotak Mahindra Bank
IndusInd Bank
IDFC First Bank
Sumitomo Mitsui Banking Corporation
MUFG Bank Limited

## Registrar and Transfer Agent

**Karvy Fintech Private Limited**

(Formerly known as Karvy Computershare Private Limited)
Karvy Selenium Tower - B
Plot No. 31 & 32
Financial District, Gachibowli
Nanakramguda, Serilingampally,
Hyderabad 500032.

## Works

1. 38/6, NH-8, Delhi-Jaipur Road, Gurugram - 122001 (Haryana).
2. 32, HUDA Industrial Area Phase II, Dharuhera, Distt. Rewari 122106 (Haryana).
3. 19, HUDA Industrial Area Phase II, Dharuhera, Distt. Rewari 122106 (Haryana).
4. 39/2/2, 3/2 4/2, 7, 8 Village Malpura, Tehsil Dharuhera, Distt. Rewari 123401 (Haryana).
5. 26, Sector-5, Phase - II Growth Centre, Bawal, Distt. Rewari 123501 (Haryana)
6. 731, Sector 37 C, Pace City – II, Gurugram - 122001 (Haryana).
7. P.O. Box 14, Chennai-Bangalore Highway, Sriperumbudur, Distt. Chinglepet, Chennai - 602 105 (Tamil Nadu).
8. D-9, Tata Motors Vendor Park, Survey No. 1, Village North Kotepura, Sanand, Viroch Nagar, Amhedabad - 382170 (Gujarat).

## Registered Office

UGF-6, Indraprakash
21, Barakhamba Road
New Delhi 110001.

## Head Office

M3M Cosmopolitan, First Floor
Sector - 66, Ramgarh Road
(Adjacent to Golf Course Extn. Road)
Gurugram 122002 (Haryana).

# Management Discussion and Analysis

## ECONOMIC SCENARIO

### Global Economic Overview

The global economic activity witnessed a strong growth in 2017 which continued in the early half of 2018. However, the second half of 2018 witnessed a decline, engendered by the convergence of multiple factors that affected major economies. As per the April 2019 edition of IMF's World Economic Outlook, the global growth is estimated to have slowed down to 3.6% in 2018 from 3.8% in 2017. While the slowdown will continue in 2019 as IMF estimates a growth of 3.3% for the year, it remains hopeful about the fundamental strength of developed and growing economies and pegs the growth of the global economy at 3.6% in 2020.

Due to weak consumer and business confidence, coupled with other factors like the Brexit announcement, slow-down in the automobile industry in Germany, there was a slowdown in the Europe. GDP grew by 1.8% in 2018 as against 2.4% in the prior year. Going forward, growth is expected to slow down to 1.3% and 1.5% in 2019 and 2020 respectively.

Overall, the economic growth of the developed economies remained weak. The advanced economies growth engine slowed to 2.2% in 2018 from 2.4% in 2017. Growth is expected to decline to 1.8% and further to 1.7% in 2019 and 2020 respectively.

While it was weak business and consumer sentiments that was a drag for the major economies, the Japanese economy saw natural disasters adding to its cups of woes. Growth almost halved to 0.8% in 2018 from 1.9% in 2017. It is expected that Japanese growth would remain flattish to 1.0% in 2019, before slowing down to 0.5% in 2020.

Increased trade tensions between US and China took a toll on the business confidence. US market, however,

# 7.1%

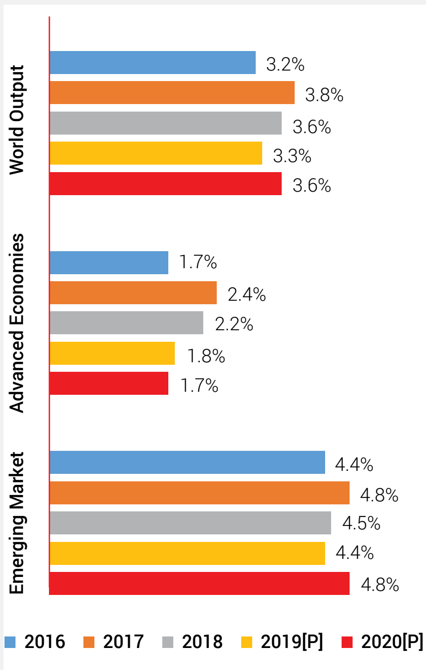
GDP GROWTH IN 2018 IN INDIA

# 3.6%

GLOBAL GDP GROWTH IN 2018

grew by 2.9% in 2018 up from 2.2% in 2017, on creation of more jobs and the resultant increase in purchasing power. The market sentiment, however, got affected, as financial conditions worsened in emerging markets. China's growth slowed down due to regulatory tightening in banking and worsening trade relations with the US. China's growth dipped from 6.8% in 2017 to 6.6% in 2018 with estimates of further slowdown to 6.3% and 6.1% in 2019 and 2020 respectively.

**Global Economy**




**Source:** IMF's WEO – April 2019

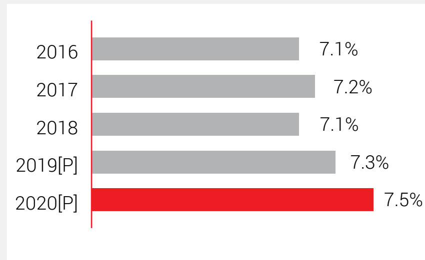
The emerging market and developing economies in 2018 witnessed a decline to 4.5% from 4.8% in the prior year. In 2019, it is expected to grow by 4.4% and then moving upwards to 4.8% in 2020.

**Indian Economic Overview**

Indian economy grew by 7.1% in 2018, compared to 7.2% in the earlier year. The economic growth in India is expected to rise by 7.3% in 2019 and 7.5% in 2020, aptly supported by continued recovery in investments and robust domestic consumption. A normal monsoon, expansion of monetary policy and some stimulant from fiscal policy are expected to further help in pushing the growth trajectory move to a higher plane.

As the residuary impact of demonetization and Goods and Services Tax implementation were on the wane, the Indian financial market witnessed a

**Indian GDP**




**Source:** IMF's WEO – April 2019

financial crisis among the NBFCs and banks. However, with policy support from the central bank, the crisis has been averted.

India continues to implement structural and financial sector reforms. This shall decrease public debt and also secure the economy's growth prospects. To strengthen financial sector balance sheets, important measures are taken which include accelerated resolution of non-performing assets under a simplified bankruptcy framework.

## INDUSTRY

**Global Scenario**

The slowdown of the global economy had a negative impact on the global auto industry. Beyond the slowdown and global uncertainties, the industry is also witnessing fundamental structural changes. Rise of electric/hybrid vehicles, the Uber phenomenon which is translating in declining sales as people prefer to hire rather than own and increased level of automation are transforming the auto industry as it brings in new players like the IT majors and pitting them against the entrenched auto players.

The U.S. auto industry ended 2018 with sales of 17.3 million new vehicles. However, the outlook for current year remains uncertain. Further, doubts

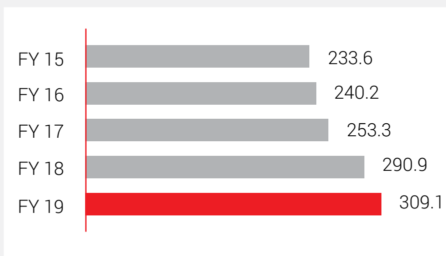
around the US-China trade war remains, as the US auto industry is gearing up for higher duties on steel and aluminum imports. The industry is also concerned about the impact of tariffs on imports of automobiles from the EU, as threatened by the U.S.

Since the financial crisis around the globe, the auto industry in China has witnessed a decline in 2018 due to the expiration of incentive programs for car purchases. In Europe, the government is focusing to make internal combustion engine vehicles more fuel efficient to avoid financial penalties. However, this is impacting the auto players because of increased spending and impacting margins. Further, the current year might witness trade disruptions as Britain leaves the EU and will have a direct impact on auto manufacturers in the region.

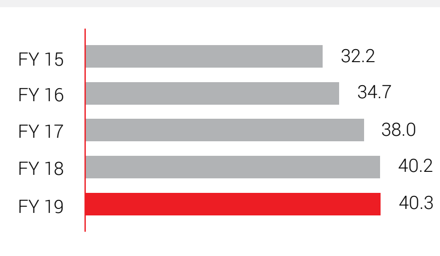
**Indian Scenario**

The Indian automotive sector has been growing at rapid strides but is expected to experience a paradigm shift in the years to come. With multitude of factors like changing customer preferences, rise of electric / autonomous vehicles, restriction on the useful life of vehicles, shared mobility, a bullish economic outlook etc., the sector seems to be headed for some exciting times. Further, Indian auto majors can exploit the uncertainties in Europe and the US and aim to become a leading global automotive hub.

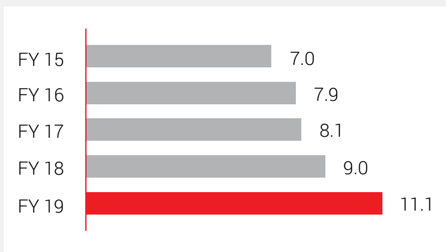
**Total Production (PV+CV+2W+3W)**



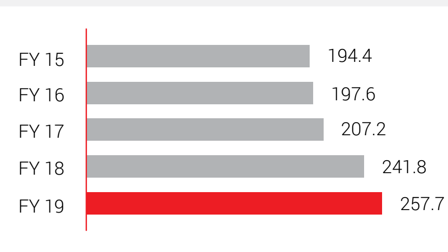

**Passenger Vehicles**




**Commercial Vehicles**




**2w + 3w**




**Source:** IMF's WEO – April 2019

India Automobile Production, in Lakhs

**Production**

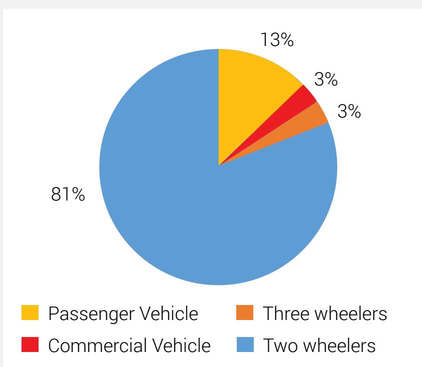
FY19 witnessed Indian Automobile Industry producing 30.92 million vehicles in totality, as against 29.09 million in the earlier year, registering a growth of 6.26%.

**Domestic Growth**

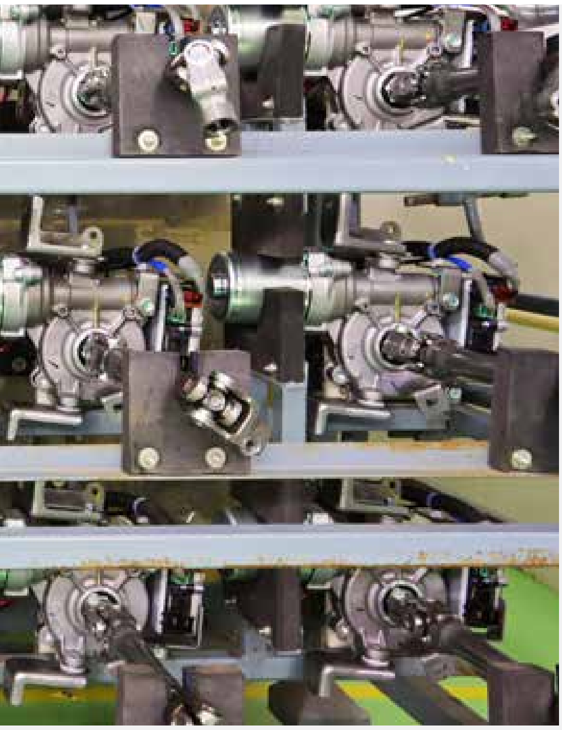
In FY19, Passenger Vehicles sales grew by 2.7% compared to its previous fiscal. Within this segment, the Passenger Cars and Utility Vehicles segments posted a growth of 2.1% each, whereas sales of Vans grew by a whopping 13.1% in FY19.

The Commercial Vehicles segment grew at a healthy clip of 17.6% in FY19 over the previous fiscal. Medium & Heavy Commercial Vehicles grew by 14.7%, whereas Light Commercial Vehicles grew by 19.5% during the fiscal.

**Domestic market share 2018-2019 (sales)**




The three wheelers segment grew by 10.3% in FY19, which comprised of passenger carriers – growing by 10.6% and goods carriers growing by 8.8% respectively. While two wheelers registered a growth of 4.9%, which in turn comprised of scooters which declined by 0.3% and motorcycles and mopeds posting a growth of 7.8% and 2.4% respectively.



**Exports**

For FY19, overall vehicle exports grew by 14.5%. This growth was largely led by the two and three wheelers segments which posted a robust growth of 16.6% and 49% respectively even as passenger vehicles exports declined by 9.6%. Commercial Vehicles chugged along with a 3.2% uptick.

## OUTLOOK

According to multiple agencies, India will continue to retain the tag of the fastest growing country. IMF estimates India's growth to accelerate moderately to 7.5% in FY20 led primarily by strong domestic consumption, increased investments on improving infrastructure, normal monsoon and the consequent impact on agriculture and the rural economy, etc.

Despite the strong growth in the economy, SIAM estimates a muted play for FY20. While the agency expects elections playing spoil sport for the industry in the first half, it is hopeful that the second half will see a pick-up in demand. It estimates that the demand will come as people prepone their buying decision to avoid the increased prices due to BS-VI implementation in FY21. However, in the long term, with due emphasis being given to electric mobility, we foresee a radical shift in the composition of the industry.

## OPERATIONS

**Strategic Consolidation**

JTEKT India Limited (JIN) in collaboration with JTEKT Corporation, Japan had set up JTEKT Sona Automotive India Limited (JSAI) in FY07 to manufacture Column Electric Power Steering Systems (C-EPS) in India. JSAI started supplying the high-end C-EPS to premium OEMs including Toyota, Maruti Suzuki and Nissan and later added Honda to its list of customers. For manufacture of C-EPS, the manual gear assembly continued to be manufactured at JIN and supplied to JSAI.

Post-acquisition of a majority equity stake in JIN by JTEKT Corporation in June 2017, it was decided to amalgamate JSAI with JIN with an objective to leverage the business and operational synergies. The amalgamation will ensure better utilization of resources due to pooling of management, administrative and technical skills of various resources and will result into reduction in managerial, administrative and other common costs.

The fiscal saw the Hon'ble National Company Law Tribunal, New Delhi (NCLT) vide its Order dated 7 March 2019, approving the 'Scheme of Amalgamation' between JSAI and JIN and their respective shareholders and creditors. Consequent to the aforesaid filing of Order with the Office of the Registrar of Companies, NCT of Delhi & Haryana, the Scheme of Amalgamation became operative from the 'Appointed Date' i.e. 1 April 2018.

We expect to see an enhancement of shareholder value due to economies of scale, improvised capital allocation and optimized cash flows, even as the amalgamation would improve JIN's growth prospects. The consolidation would create a larger asset base, enabling better access to financial resources.

**Expansion in Gujarat**

In line with our expansion strategy, we had purchased around 30 acres of land in Jalisana village in Gujarat. The work relating to construction of boundary wall and levelling of land is in the final stage of completion. The plant construction plan is under discussion and the final decision to start the activity will be taken shortly. With the amalgamation of JIN and JSAI, it is now possible to set up an integrated manufacturing facility where the complete steering assembly can be manufactured at a single location. The Company is also exploring expanding its range of driveline products at the new location.

**Operational Performance**

The Company was able to outperform the auto industry as we continued to leverage our inherent strong positioning and best in class product offerings, strengthened the ties with existing OEMs and build relationship with new ones.

## FINANCIAL REVIEW

**Ratio Analysis**

Details of significant changes (i.e., change of 25% or more as compared to the immediately previous financial year) in the key financial ratios are as under:-

**Debt Equity Ratio**

The ratio has improved from a level of 0.44 to 0.33. The borrowings have significantly reduced from a level of INR 2,322 million at start of the financial year to end at a level of INR 1884 million. The level of Profit after Tax (PAT) has also improved. The Company expects to further reduce its borrowings in view of access to cash reserves of JSAI post amalgamation.

**Interest Coverage Ratio**

The ratio has improved from a level of 5.41 times to 7.91 times. This again has resulted from reduction in borrowings as stated above.

Return on Net Worth has improved from 11.9% to 12.5% due to better profitability of operations.

There has been no significant change in other financial ratios including debtor turnover, inventory turnover, current ratio, operating margin and net profit margin.

**Company abridged Profit and Loss account (INR in million)**

| Particulars | Consolidated | | Standalone | |
|---|---|---|---|---|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Net Income from Operations | 17,391 | 15,067 | 17,585 | 15,131 |
| Other Operating Income | 148 | 125 | 146 | 123 |
| **Total Revenue** | **17,540** | **15,193** | **17,731** | **15,253** |
| Raw Material | 11,564 | 9,776 | 12,144 | 10,178 |
| Staff Cost | 1,939 | 1, 775 | 1,836 | 1,681 |
| Other Expenditure | 1,820 | 1,513 | 1,743 | 1,444 |
| **EBITDA** | **2,216** | **2,129** | **2,008** | **1,951** |
| Other Income | 116 | 70 | 126 | 68 |
| Depreciation & Amortisation | 959 | 961 | 906 | 919 |
| **EBIT** | **1,373** | **1,238** | **1,228** | **1,100** |
| Finance Charges | 156 | 214 | 155 | 213 |
| **PBT before Exceptional Items** | **1,218** | **1,024** | **1,073** | **886** |
| Share of profit of associates | - | 20 | - | - |
| **PBT** | **1,218** | **1,043** | **1,073** | **886** |
| Tax | 435 | 359 | 387 | 311 |
| **PAT** | **783** | **684** | **686** | **575** |
| Other Comprehensive Income | (1) | (14) | (1) | (14) |
| **Total Comprehensive Income** | **782** | **670** | **684** | **561** |
| **Profit Attributable to Owner** | **726** | **624** | **684** | **561** |
| Capital Expenditure | 693 | 589 | 607 | 538 |
| EPS | 2.98 | 2.72 | 2.80 | 2.46 |
| D/E Ratio | 0.33 | 0.45 | 0.33 | 0.44 |

*Note: The financials are prepared in compliance with Ind AS 103 on Business Combinations as applicable to amalgamation of Companies belonging to the same group. In accordance with the standard, the financials of related parties in a scheme of amalgamation are consolidated from the date the two entities come under common control. In compliance with this, the financials for previous year FY18 have been re-casted for the period from 22/6/2017 to 31/3/2018.*

## SUBSIDIARY PERFORMANCE HIGHLIGHTS

**JTEKT Fuji Kiko Automotive India Limited (JFIN)** (formerly known as Sona Fuji Kiko Automotive Limited):

During the year under review, this subsidiary's revenue increased by 16% to reach INR 1,036 mn. PAT increased by 33% to reach INR 95 mn.

| JFIN (INR mn.) | 2018-19 | 2017-18 |
|---|---|---|
| Revenue | 1,036 | 891 |
| EBITDA | 213 | 183 |
| EBITDA Margin | 20.6% | 20.5% |
| PAT | 113 | 95 |
| PAT Margin | 10.9% | 10.7% |

## RECOGNITION

During the year, the Company received acclamation from Toyota Kirloskar Motors in three different categories 'Quality', 'Safety Special Recognition' and 'Zero Defect Supplies'. These recognitions are testimony to our commitment to excellence in delivery of products and customer satisfaction.

## Key performance highlights of JFIN's operations are as follows:

**Production:** Accomplished smooth "Start of Production" (launch) of Jacket Column Assembly for MSIL Ertiga & Ciaz and Honda New Amaze.

**Training & Development:** Continued training to employees in Production, Product Design, and Manufacturing Engineering to enhance knowledge and skills.

**Environment:** Increase the Solar Power plant capacity from installed 150 KVA to 416 KVA.

**Delivery:** Achieved 100% OTIF delivery for main customer- JIN-Bawal.


Quality Award


Safety Special Recognition Award

## TECHNICAL CAPABILITY / RESEARCH & DEVELOPMENT

At present, the Company has a limited capability for product designing and testing. With the amalgamation of JSAI, our technical capabilities have expanded. Further, we are planning to set up a new testing centre which will be converted into a fully functional Design and Validation centre. The testing centre in India would add substantial capabilities and tremendous value to the Company by reducing turn-around time for new product development, providing cost effective solutions and develop products specific to the Indian market. Currently, we are dependent on the US / Japanese technical centres for product developments. The inherent advantage of India including availability of high quality, skillful and knowledgeable workforce at a competitive cost has the potential to become a huge opportunity for the Company in the years ahead.

In order to a planned Driveline business expansion, the Company is conducting a feasibility study to understand the needs of customers, Indian road, traffic and market-specific conditions.

We are also designing ECU for passenger car segment. Our focus is on self-reliance, as well as cost effectiveness.

## HUMAN RESOURCES

The human resource management system has a significant impact on individual and organizational effectiveness. An effective HRMS adds to the success of an organization by improving employee knowledge, skills, motivation and contribution opportunities.

JIN gives a high priority to its employees. The Company believes that human capital is one of the most valuable resource and thus deeply nurture its 3,700+ family members. Regular training activities are undertaken to enhance growth opportunities and provide ample activities for a healthy work-life balance.

### Induction & Training

Every new employee has to undergo an induction process which usually lasts for 2 to 7 days. The Company has a policy of giving training of minimum 2 hours per month per employee. During FY19, we provided 1,26,406 training hours, spread across 1,385 training sessions. Total participants covered under trainings were 19,042. The Company also provides DOJO training to our shop floor employees.

*Suppliers' Conference*

The Company also provides an opportunity for external trainings. Domestically, we have a tie-up with Maruti Centre of Excellence for leadership development. We also have our tie-up with Japan Globus University.

The Company and our parent - JTEKT Corporation, Japan believes in global rotation of employees. So, there are regular employee exchange programs whereby the employees are exposed to global standards.

The Company follows Hoshin Kanri strategic planning system for setting up goals and targets for mid to long term which is generally 3 to 5 years.

## SUPPLY CHAIN MANAGEMENT

Post amalgamation, the integration of the organization structure and purchasing activities at group level was completed for the Purchasing function. This will help the function to optimize resources and best utilize the common group buying strategy and look at the benefits of economies of scale. Standard business procedures and common supplier performance rule have been created for all the suppliers to bring standardization. Cost reduction activities comprizing of value analysis and value engineering, localization continued at company level to improve competitiveness.

Supplier conference was held to communicate our objectives and share expectations from them. Major initiatives were taken to ensure that supplier can meet the increased expectation of product quality and performance as per our global standards. Few critical suppliers were selected for focused improvement in their performance with close support by the Company's cross functional team.

As a proactive step towards development of vendors, the Company is currently assisting its 20 critical Tier-2 suppliers under the Maruti Suzuki Centre for Excellence for evaluation and certification. Most of these suppliers have been qualified as 'Green' in the last two years, which means meeting customer's expectations.

## SAFETY, SECURITY & SUSTAINABILITY

The Company continued to promote the 'Zero Accident' vision to prevent workplace accidents. During the fiscal, the following safety initiatives were taken to further the cause of the safety vision.

1. Machine Risk Assessment – This involved systematic analysis and evaluation with the objective to identify risks associated with machines and operations. The Company wants to ensure that none of the accidents will be due to machine failure.

2. Men – The Company conducted a detailed Safety Survey across its workforce. As per this survey, it was observed that even though machines are well maintained, human errors were the primary cause of accidents. The results of the survey enabled us to conduct requisite training programmes to improve the safety mindedness of our employees.

3. Developing Safety leaders – The Company now has more than 200 safety leaders, across all the plants. These safety leaders are provided requisite training in various areas of safety management.

Apart from the above actions, we provide a mandatory 2-day safety training for every new employee. We have full time doctors in our plants and regular health check-up of our employees are carried out.

- As a part of Company's commitment towards reduction in global warming, we have redesigned our processes to reduce the $CO_2$ emissions. We have also changed our normal lights to LED for reduction in heat and energy consumption. We have started using solar energy wherever possible to decrease our energy consumption.

## INFORMATION TECHNOLOGY

It is of utmost importance that the Company's systems and processes across all units are robust and as per established guidelines. We are investing sizeable amount and resources to ensure implementation of IT Systems and processes that meet the best practices. During FY19, the Company's focus was to consolidate the IT Infrastructure and applications across the Indian region. Significant cyber security measures were taken to ensure safety and security of digital assets across the company by implementation of latest cyber security tools. We have also co-located the Data Centre in Bengaluru to safeguard the systems and data from threats of natural calamities and other related risks. The Data Centre is connected to all our locations via high speed MPLS.

The Company has also embarked on a journey to achieve consolidation of IT applications. PwC was involved to study the existing business processes and to engage with system users to understand limitations and pain areas and achieve harmonization of business processes at plant and Company level. Based on the harmonized business processes, global template was designed for ERP reimplementation with enhanced features and automation to improve the efficiency at operational level.

These initiatives are enabling the Company to leapfrog and move to the next IT vision to meet the new age demand of business stakeholders.

PLM Upgrade & re-implementation was one of new focus for this year to strengthen the Design and Development process aimed at improving the design capability and reduce the lead time to product development.

## RISKS AND CONCERNS

JIN's risk management policies have been designed in a manner that the Company can respond swiftly and implement the necessary mitigation actions. In compliance with the prudential norms, we have constituted a Risk Management Committee and developed a risk management framework. The objective was to identify and analyse internal and external risks to the business while minimising the impact of the risk on operations.

The Committee meets periodically to review the framework in view of the dynamic business environment. This risk management policy has helped enhance process robustness, ensuring that business risks are addressed effectively.

The Company's business risks are broadly classified into the following four major categories:

**Economic risk:** Refers to risks resulting from the economic and political scenario in the country.

**Operational risk:** Refers to the risks that are inherent to the business and includes manufacturing and distribution operations.

**Financial risk:** Refers to the risk that results from fluctuations in the currency market.

**Human resource risk:** Refers to the risk of losing out on skilled workforce due to competition.

The Committee recognises that risk management is an integral part of good management practices. Thus, it has made risk management as an essential element in achieving business goals and deriving benefits from market opportunities. While the Company cannot completely rule out the possibility of a negative impact owing to risks, we continue to take cautious steps to mitigate risks.

## INTERNAL CONTROL AND ADEQUACY

The Company has an effective and reliable internal control system commensurate with our size and operations. The internal controls are aligned with global standards and processes while adhering to local statutory requirements. The internal controls systems are supported through management reviews, verification by internal auditors and verification by statutory auditors. The Audit Committee reviews the internal audit plan, adequacy of the internal controls system, significant audit observations and monitors the sustainability of remedial measures.

In addition to policies, procedures and guidelines, the internal controls system is facilitated by an automated 'Compliance Manager Tool'. This enables self-assessment by process owners on the status of all applicable regulatory compliances and internal controls. This includes the following:

- Safeguarding our assets and prevention and detection of frauds and errors
- Accuracy and completeness of the accounting records
- Controls relating to adherence to the Company's policies
- Timely preparation of reliable financial information

- Each self-assessment is approved by an immediate superior
- Senior management reviewing and deliberating upon and review self-assessments periodically
- Verifying the accuracy of sample self-assessments through periodic internal audits

Our internal control system provides a high degree of assurance with respect to effectiveness and efficiency of operations, adequacy and adherence to internal financial controls and compliance with laws and regulations.

## CORPORATE SOCIAL RESPONSIBILITY

The Company reiterates our continuing commitment to behave ethically and contribute to economic development while improving the quality of life of the local community and society at large. We firmly believe that it is important to operate in ways that enhance society and the environment.

During the financial year, our CSR efforts were directed towards rural development programs. Several initiatives have been taken to improve the life of villagers. One such program which got completed is the construction of a bus stand at main village road in Malpura, Haryana where our manufacturing facility is located. This bus stand facility is extensively used by school going children, ladies and old persons to protect them from scorching heat and rain.

Another project towards rural development was directed towards improving the safety conditions in Village Banipur, Haryana. The Company installed 105 Solar Street Lights in this Village which is located near to our manufacturing facility at Bawal, Haryana.

The Company also made a contribution of INR 20 lacs to Cavalry Endowment Fund Trust which is a charitable trust set up to extend support to needy members of the Cavalry fraternity. One of the objectives of the Trust is to render social, moral and financial assistance for the betterment of life of war widows, military orphans and girl child.

## ADOPTION OF GREEN TECHNOLOGY

The Company made further efforts towards harnessing solar energy for generating electricity for our manufacturing units. Currently, our six manufacturing locations have solar power generating facilities and the total solar power generating capacity stands at 1,717 KWp . In addition to this, all other energy saving efforts such as adoption of energy efficient fixtures and equipment, zero water discharge through water recycling etc. continue to receive focus of the management.

Our six manufacturing locations have solar power generating facilities and the total solar power generating capacity stands at 1,717 KWp . In addition to this, all other energy saving efforts such as adoption of energy efficient fixtures and equipment, zero water discharge through water recycling, etc. continue to receive focus of the management.


### CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be forward-looking statements within the meaning of applicable laws and regulations. Actual results might differ substantially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the automobile sector, significant changes in the political and economic environment in India, exchange rate fluctuations, tax laws, litigation, labour relations and interest cost.

# CORPORATE GOVERNANCE REPORT

## COMPANY'S PHILOSOPHY

JTEKT India Limited ('JIN') seeks to contribute to the happiness of people and the abundance of society through product manufacturing, and engages in business activities with high standards of ethics in harmony with the economy, society and environment.

The ambit of our Corporate Governance philosophy extends beyond adherence to established regulatory framework and is realized through firm commitment by upholding trust and confidence of all stakeholders. This is achieved through compliance, transparency, professionalism, honest communication, continuous improvement, discipline, ownership and vision of Shaping a better future through the spirit of "No. 1 & Only One" in all that we do. As a good corporate citizen, we work with our Customers, Investors and Suppliers in order to continue contributing to the sustainable development of business, society and the world.

We believe that our vision to be "No. 1 & Only One" can only be achieved if we appreciate and discharge our responsibilities towards our various stakeholders.

**Responsibility to our customers and business partners**

- follow proper business practices and engage in fair, transparent and free competition based on a respect for the law.
- derive concepts from the market, provide the best in quality, technology and service and obtain the satisfaction and trust of customers.

**Responsibility to our shareholders**

- maintain close communication with shareholders and disclose corporate information properly, while at the same time working to improve our corporate value on a continuous basis.

**Responsibility to our employees**

- respect the individuality of employees, create workplaces that are motivating to employees and enable them to fulfill their potential and strive to provide each with abundant living circumstances.

**Contributing to regional societies and to global society**

- as a good corporate citizen, we aggressively pursue activities that contribute to society.
- follow rules, observe the laws, cultures and customs of society and regions where we have operations and seek to contribute to their growth.
- carry out global environmental improvement activities proactively and aggressively with deep awareness of their being an important corporate mission.

## BOARD OF DIRECTORS

1. **Composition of the Board**

In adherence to the compliances stipulated under the applicable statutory regulations, the Board of Directors of your Company is having an optimum combination of Executive and Non-executive Directors, as mentioned below. As on 31 March 2019 there were two Executive Directors and eight Non-executive Directors, out of the said Non-executive Directors, five directors were Independent Directors including two Independent Women Directors (see Table 1):

**Table 1 : Composition of the Board of Directors as on 31 March 2019**

| Name of Directors | Category |
|---|---|
| Mr. Hidekazu Omura① | Chairman (Non-executive Director) |
| Mr. Akihiko Kawano | Managing Director (Executive Director) |
| Mr. Hirofumi Matsuoka | Non-executive Director |
| Mr. Sudhir Chopra | Director (Corporate Affairs) & Company Secretary (Executive Director) |
| Mr. Toshiya Miki | Director - Nominee Director of Maruti Suzuki India Limited (MSIL) (Non-executive Director) |
| Mr. Ravi Bhoothalingam | Independent Director |
| Lt.Gen.S.S. Mehta (Retd)② | Independent Director |
| Mrs. Geeta Mathur | Independent Woman Director |
| Mr. Hidehito Araki | Independent Director |
| Mrs. Hiroko Nose | Independent Woman Director |

① Rescinded from the position of Director and Chairman of Board with effect from close of business hours of 31 March 2019.

② Upon attaining the age of 75 years, has rescinded from the position of Director of the Company with effect from close of business hours of 31 March 2019.

None of the Directors had any relationships inter-se. The Board of Directors are of the opinion that Independent Directors of the Company fulfill the conditions specified under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and are independent of the Management.

During the year, Mr. Ramesh Suri, Independent Director of the Company due to pre-occupancy had resigned from the office of director with effect from 4 July 2018. Further, Lt.Gen. Shamsher Singh Mehta (Retd.), upon attaining the age of 75 years and in compliance with the Listing Regulations, rescinded from the directorship of the Company effective the close of the business hours of 31 March 2019.

2. **Number of Board Meetings**

In the year ended 31 March 2019, JIN held five Board Meetings on 18 May 2018, 10 August 2018, 06 November 2018, 25 January 2019 and 16 March 2019. The maximum time gap between any two Board Meetings during the year was less than 120 days.

3. **Directors' attendance record and directorships held**

The attendance of each Director of the Company in Board Meetings held during the year ended on 31 March 2019, last Annual General Meeting of the Company held on 10 August 2018 and number of directorships and/or memberships / chairmanship of committees of other companies [see Table 2(A)] and the Directorships in other Listed Companies and category of directorship, as on 31 March 2019 [see Table 2(B)].

Table 2 (A) : Directors' Board Meeting attendance record and directorships/membership of committees held in other companies

| Name of Directors | Board Meetings held during FY 2018-19 | | Whether attended last AGM | Directorships held in other companies incorporated in India | | Membership of Committees of other Companies① | |
|---|---|---|---|---|---|---|---|
| | Eligibility | Attended | | Public | Private | Member | Chairperson |
| Mr. Hidekazu Omura② | 5 | 5 | Yes | - | - | - | - |
| Mr. Kiyozumi Kamiki③ | 1 | 1 | N.A. | N.A. | N.A. | N.A. | N.A. |
| Mr. Akihiko Kawano④ | 4 | 3 | Yes | 1 | - | - | - |
| Mr. Seiho Kawakami⑤ | 2 | 2 | Yes | N.A. | N.A. | N.A. | N.A. |
| Mr. Hirofumi Matsuoka⑥ | 3 | 1 | N.A. | - | - | - | - |
| Mr. Sudhir Chopra | 5 | 5 | Yes | 2 | - | - | 1 |
| Mr. Toshiya Miki | 5 | 2 | Yes | 2 | - | - | - |
| Mr. Ravi Bhoothalingam | 5 | 4 | Yes | - | - | - | - |
| Lt.Gen. S.S.Mehta(Retd.)⑦ | 5 | 5 | Yes | 1 | - | 1 | - |
| Mrs. Geeta Mathur | 5 | 5 | Yes | 8 | 2 | 4 | 3 |
| Mr. Ramesh Suri⑧ | 1 | 0 | N.A. | N.A. | N.A. | N.A. | N.A. |
| Mr. Hidehito Araki⑨ | 3 | 3 | N.A. | - | 2 | - | - |
| Mrs. Hiroko Nose⑩ | 3 | 3 | N.A. | - | 1 | - | - |

Table 2 (B) : Directorships and category in other Listed Companies

| Name of Directors | Name of other Listed Companies | Category of Directorship |
|---|---|---|
| Mr. Hidekazu Omura② | - | - |
| Mr. Kiyozumi Kamiki③ | - | - |
| Mr. Akihiko Kawano④ | - | - |
| Mr. Seiho Kawakami⑤ | - | - |
| Mr. Hirofumi Matsuoka⑥ | - | - |
| Mr. Sudhir Chopra | - | - |
| Mr. Toshiya Miki | Bharat Seats Limited | Non-Executive & Non-Independent Director |
| Mr. Ravi Bhoothalingam | - | - |
| Lt.Gen.S.S. Mehta (Retd.) ⑦ | - | - |
| Mrs. Geeta Mathur | Motherson Sumi Systems Limited<br>NIIT Limited<br>IIFL Holdings Limited | Independent Director<br>Independent Director<br>Independent Director |
| Mr. Ramesh Suri⑧ | N.A. | N.A. |
| Mr. Hidehito Araki⑨ | - | - |
| Mrs. Hiroko Nose⑩ | - | - |

**Notes:**

① Only covers Membership / Chairmanship of Audit Committee and Stakeholders Relationship Committee of public limited companies.

② Rescinded from the position of Director and Chairman of Board with effect from close of business hours of 31 March 2019.

③ Rescinded from the position of Managing Director of the Company with effect from close of business hours of 30 June 2018.

④ Appointed as an Additional Director and Managing Director of the Company effective 1 July 2018, his appointment was confirmed by the Members of the Company in the Annual General Meeting held on 10 August 2018.

⑤ Resigned from the directorship of the Company with effect from close of business hours of 10 August 2018.

⑥ Appointed as Additional Director of the Company effective 11 August 2018.

⑦ Upon attaining the age of 75 years, has rescinded from the position of Director of the Company with effect from close of business hours of 31 March 2019.

⑧ Resigned from the directorship of the Company with effect from close of business hours of 04 July 2018.

⑨ Appointed as Additional Director in the position of Independent Director of the Company effective 11 August 2018.

⑩ Appointed as Additional Director in the position of Independent Woman Director of the Company effective 11 August 2018.

None of the Directors is a member of more than 10 Board-level Committees or a Chairman of more than 5 such Committees, as required under Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

**4. Key Board qualifications, expertise and attributes**

The Company's Board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contribution to the functioning of the Board and its committees. The Board members are committed to ensure that the Company's Board is in compliance with the highest standards of corporate governance.

The table below summarizes the key qualifications, skills and attributes which are taken into consideration while nominating candidates to serve on the Board.

| | |
|---|---|
| **Leadership** | Extended leadership experience for a significant enterprise, resulting in a practical understanding of organization, processes, strategic planning and risk management. Demonstrated strengths in developing talent, planning succession and driving change and long-term growth. |
| **Communication** | Facilitate group discussions strategically (including focusing on the agenda and working for practical consensus). Promote transparency, communicating developments to members, affiliates etc. and invite input. |
| **Experience** | Have various leadership experiences within the profession. Have thorough knowledge of organization's policies / procedures / vision / mission. |
| **Global business** | Experience in driving business success in markets around the world, with an understanding of diverse business environments, economic conditions, cultures, and regulatory frameworks, and a broad perspective on global market opportunities. |
| **Financial** | Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation, and financial reporting processes, or experience in actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions. |
| **Technology** | A significant background in technology, resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models. |
| **Enterprise Risk Management** | Ability to think critically about operational and governance issues to ensure the effective management of potential opportunities and adverse effects. |
| **Human Resources Strategy** | Ability for planning and implementing human resource strategies. |
| **Sales and Marketing** | Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance enterprise reputation. |
| **Governance** | Experience of governance principles and practices. |

**5. Details of the shares and convertible instruments and Stock Option Shares held by the Non-executive Directors**

Following (see Table 3) states the number of Equity Shares, convertible instruments and Stock Option Shares held by the Non-executive Directors as on 31 March 2019.

**Table 3 : Details of Equity Shares, Convertible Instruments and Stock Option Shares held by Non-executive Directors.**

| Name of Directors | Number of Equity Shares held | Number of convertible instruments① / Stock Option Shares② held |
|---|---|---|
| Mr. Hidekazu Omura | - | N.A. |
| Mr. Hirofumi Matsuoka | - | N.A. |
| Mr. Toshiya Miki | - | N.A. |
| Mr. Ravi Bhoothalingam | - | N.A. |
| Lt. Gen. S. S. Mehta (Retd.) | - | N.A. |
| Mrs. Geeta Mathur | - | N.A. |
| Mr. Hidehito Araki | - | N.A. |
| Mrs. Hiroko Nose | - | N.A. |

**Notes:**

① JIN has not issued any Convertible Instruments to its Non-executive Directors.

② JIN has not issued any Stock Option Shares to its Non-executive Directors.

**6. Familiarization Programme of Independent Directors**

The Independent Directors of the Company are eminent personalities having wide experience in the field of business, finance, industry and commerce. Their presence on the Board has been advantageous and fruitful in taking business decisions.

Independent Directors are appointed as per the governance guidelines of the Company, with management expertise and wide range of experience. The Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction, core values including ethics, corporate governance practices, financial matters and business operations.

Periodic presentations are made at the Board/Committee meetings on business and performance updates of the Company, business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Independent directors. For the purpose, the Company has prepared a policy on familiarization programme for Independent Directors which is displayed on the website of the Company (web link: http://www.jtekt.co.in/policies.html).

**7. Information supplied to the Board**

Among others, this includes:

(1) Annual operating plans and budgets and any updates.

(2) Capital budgets and any updates.

(3) Quarterly results of the Company and its operating divisions or business segments.

(4) Minutes of meetings of Audit Committee and other Committees of the Board.

(5) The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.

(6) Show cause, demand, prosecution notices and penalty notices, which are materially important.

(7) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.

(8) Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.

(9) Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.

(10) Details of any joint venture or collaboration agreement.

(11) Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.

(12) Significant labour problems and their proposed solutions. Any significant development in human resources/ industrial relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.

(13) Sale, of material nature, of investments, subsidiaries, assets, which is not in normal course of business.

(14) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

(15) Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any.

**8. Materially significant related party transactions**

The Company supplies auto components to Maruti Suzuki India Limited (MSIL) and pays royalty, technical know-how fees and other charges to JTEKT Corporation, Japan (JTEKT), Promoters of the Company, for extending technology for manufacturing various auto components and for providing/availing other services and for procuring various components. All transactions are conducted at an arm's length basis, in ordinary course of business, and at prevailing market prices. None of these transactions involve a conflict with the financial interests of JIN. The details of related party transactions are given in Note No. 41 to the Financial Statement of the Company.

As required under Listing Regulations, the Company has formulated a policy on dealing with Related Party Transactions. The Policy is available on the website of the Company (web link: http://www.jtekt.co.in/policies.html).

However, in terms of Listing Regulations, all transactions with related parties, which are of material in nature, are subject to the approval of the Members of the Company. The requisite resolution in order to comply with the aforesaid requirements of Listing Regulations, as detailed at Item No. 11 of the Annual General Meeting Notice and relevant explanatory statement as commended for the members' approval.

**9. Remuneration paid or payable to Directors (In INR) : Sitting Fees, Salary, Perquisites and Commission**

The Remuneration to Directors is given as per the provisions of Companies Act, 2013, Listing Regulations, subject to approval of shareholders or any other authority as may be required. The details of the remuneration of Directors and their relationships with each other is mentioned hereunder (see Table 4).

**Table 4 : Details of Remuneration paid or payable to Directors for the year ended 31 March 2019** (Amount in INR)

| Name of Directors | Relationship with other Director | Sitting Fee① | Commission on profits | Salary | Perquisites | Provident & Superannuation Fund | Total |
|---|---|---|---|---|---|---|---|
| Mr. Hidekazu Omura② | None | 9,50,000 | - | N.A. | N.A. | N.A. | 9,50,000 |
| Mr. Kiyozumi Kamiki③ | None | N.A. | - | 12,22,500 | 5,43,378 | - | 17,65,878 |
| Mr. Akihiko Kawano④ | None | N.A. | - | 36,47,308 | 13,06,570 | - | 49,53,878 |
| Mr. Seiho Kawakami⑤ | None | 1,50,000 | - | N.A. | N.A. | N.A. | 1,50,000 |
| Mr. Hirofumi Matsuoka⑥ | None | 50,000 | - | N.A. | N.A. | N.A. | 50,000 |
| Mr. Sudhir Chopra | None | N.A. | 75,00,000 | 1,08,09,855 | 10,800 | 16,20,000 | 1,99,40,655 |
| Mr. Toshiya Miki⑦ | None | 1,00,000 | - | N.A. | N.A. | N.A. | 1,00,000 |
| Mr. Ravi Bhoothalingam | None | 9,50,000 | 34,02,062 | N.A. | N.A. | N.A. | 43,52,062 |
| Lt.Gen. S.S. Mehta (Retd.)⑧ | None | 8,75,000 | 34,02,062 | N.A. | N.A. | N.A. | 42,77,062 |
| Mrs. Geeta Mathur | None | 6,00,000 | 28,35,052 | N.A. | N.A. | N.A. | 34,35,052 |
| Mr. Ramesh Suri⑨ | None | - | - | N.A. | N.A. | N.A. | - |

| Name of Directors | Relationship with other Director | Sitting Fee① | Commission on profits | Salary | Perquisites | Provident & Superannuation Fund | Total |
|---|---|---|---|---|---|---|---|
| Mr. Hidehito Araki⑩ | None | 1,50,000 | 6,80,412 | N.A. | N.A. | N.A. | 8,30,412 |
| Mrs. Hiroko Nose⑪ | None | 1,50,000 | 6,80,412 | N.A. | N.A. | N.A. | 8,30,412 |

**Notes:**

① Sitting Fee includes the fee paid for attending the Committee Meetings.

② Rescinded from the position of Director and Chairman of Board with effect from close of business hours of 31 March 2019.

③ Rescinded from the position of Managing Director of the Company with effect from close of business hours of 30 June 2018. Further INR 16,20,799 received during his tenure with the Company from JTEKT Corporation, Japan as per his terms of appointment thereof.

④ Appointed as an Additional Director and Managing Director of the Company effective 1 July 2018, his appointment was confirmed by the Members of the Company in the Annual General Meeting held on 10 August 2018. Further INR 64,34,249 received during his tenure with the Company from JTEKT Corporation, Japan as per his terms of appointment thereof.

⑤ Resigned from the directorship of the Company with effect from close of business hours of 10 August 2018.

⑥ Appointed as Additional Director of the Company effective 11 August 2018.

⑦ Sitting Fee for attending the Board Meetings was paid to the nominating Company MSIL.

⑧ Upon attaining the age of 75 years, has rescinded from the position of Director of the Company with effect from close of business hours of 31 March 2019.

⑨ Resigned from the directorship of the Company with effect from close of business hours of 04 July 2018.

⑩ Appointed as Additional Director in the position of Independent Director of the Company effective 11 August 2018.

⑪ Appointed as Additional Director in the position of Independent Woman Director of the Company effective 11 August 2018.

Apart from the above, there were no pecuniary transactions between the Company and its directors. The Company has not issued any Stock Option Shares. None of the employees are related to any of the Directors.

**10. Service contract of the Managing Director**

As approved by the Shareholders of the Company in the 34 Annual General Meeting an Govt. of India, Ministry of Corporate Affairs, New Delhi vide letter no. SRN H33510306/2/2018-CL-VII dated 30 January 2019 an Agreement was executed on 16 March 2019 between the Company and Mr. Akihiko Kawano, Managing Director of the Company for his appointment for a period of three years with effect from 1 July 2018, with remuneration, upon the terms and conditions as approved by the Shareholders. The severance fee shall be as per the provisions of the Companies Act, 2013.

**11. Basis for compensation payment to the Independent Directors**

As permitted under the Companies Act, 2013, the payment of commission up to a sum not exceeding 1% of the net profits of the Company, calculated in accordance with the provisions of Section 198 of the said Act, accordingly the Board of Directors of the Company in its meeting held on 17 May 2019 have approved the distribution of commission to the Independent Directors, by way of commission, out of the net profits of the Company for the Financial Year ended 31 March 2019. The details of payment of commission are given in Table 4 above.

The approval granted by the shareholders of the Company in their 34 Annual General Meeting for payment of commission up to a sum not exceeding 1% of the net profits of the Company to the Independent Directors of the Company shall be valid for 5 years with effect from 1 April 2018. Since, the Independent Directors on the Board, besides attending the meetings of the Board and/or Committee(s) thereof, are also devoting their valuable time in rendering various services including counseling, guidance and advise on technical, financial, HR and other related matters of the Company & for that the aforesaid Directors have not been paid any remuneration for their services except the sitting fee for each meeting of the Board and/or Committee(s) thereof attended by them.

## COMMITTEES OF THE BOARD OF DIRECTORS

### I) AUDIT COMMITTEE

The Audit Committee of JIN is entrusted with all the powers, role and terms of reference as contemplated under Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations, as applicable, besides terms as referred by the Board of Directors, the Audit Committee also assists the Board in effectively discharging its responsibilities.

Terms of reference to the Audit Committee is to:

(1) Oversight of the JIN's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(2) Recommend for appointment, remuneration and terms of appointment of auditors of the Company;

(3) Approve the payment to statutory auditors for any other services rendered by the statutory auditors;

(4) Review with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

- (a) matters required to be included in the director's responsibility statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
- (b) changes, if any, in accounting policies and practices and reasons for the same;
- (c) major accounting entries involving estimates based on the exercise of judgment by management;
- (d) significant adjustments made in the financial statements arising out of audit findings;
- (e) compliance with listing and other legal requirements relating to financial statements;
- (f) disclosure of any related party transactions;
- (g) modified opinion(s) in the draft audit report;

(5) Review, with the management, the quarterly financial statements before submission to the Board for approval;

(6) Review, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

(7) Review and monitor the auditor's independence and performance and effectiveness of audit process;

(8) Approve or any subsequent modification of transactions of the listed entity with related parties;

(9) Do scrutiny of inter-corporate loans and investments;

(10) Do valuation of undertakings or assets of the listed entity, wherever it is necessary;

(11) Do evaluation of internal financial controls and risk management systems;

(12) Review, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;

(13) Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(14) Discuss with internal auditors of any significant findings and follow up thereon;

(15) Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(16) Discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;

(17) Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(18) Review the functioning of the whistle blower mechanism;

(19) Approve appointment of Chief Financial Officer (i.e. whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

(20) Review the utilization of loans and/or advances from/ investment by the holding company in the subsidiary exceeding INR 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/investments.

(21) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee of the Company reviews the following information:

(1) Management Discussion and Analysis of financial condition and results of operations;

(2) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

(3) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;

(4) Internal audit reports relating to internal control weaknesses;

(5) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee; and

(6) Statement of deviations:

   i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s).

   ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice.

The Audit Committee is also empowered with the following powers to :

(1) Investigate any activity within its terms of reference.

(2) Seek information from any employee.

(3) Obtain outside legal or other professional advice.

(4) Secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee is also apprised on information with regard to related party transactions, by being presented:

(1) A statement in summary form of transactions with related parties in the ordinary course of business;

(2) Details of material individual transactions, if any, with related parties which are not in the normal course of business;

(3) Details of material individual transactions, if any, with related parties or others, which are not on an arm's length basis together with management's justification for the same.

The Chairman of the Audit Committee was present at the last Annual General Meeting to answer shareholders' queries. The Audit Committee is regularly apprised of the various follow-up actions taken on the direction of the Audit Committee. Mr. Sudhir Chopra, Director (Corporate Affairs) & Company Secretary of the Company, is the Secretary to the Committee. The Audit Committee regularly invites such executives as it considers appropriate, including the head of the finance function, the head of internal audit and the representative of the Statutory Auditors, to be present at the meetings of the Committee.

**Composition of Audit Committee, its meetings and attendance record for the year ended 31 March 2019.**

As on 31 March 2019, the Audit Committee comprises of Mr. Ravi Bhoothalingam, Lt.Gen. S.S. Mehta (Retd), Mr. Akihiko Kawano and Mrs. Geeta Mathur. Except Mr. Akihiko Kawano, who is Managing Director of the Company, all other members of the Committee are Independent Directors. Further, members of the Audit Committee are competent and financially literate and Mr. Ravi Bhoothalingam, the Chairman of the Audit Committee has accounting and related financial management expertise.

During the year ended 31 March 2019, the Audit Committee met six times i.e. on 17 May 2018, 09 August 2018, 5 November 2018, 25 January 2019, 16 March 2019 and 28 March 2019 (see Table 5). The time gap between any two Audit Committee meetings during the year was less than 120 days and at least two Independent Directors were present in each Meeting. Further the Minutes of the Audit Committee meetings were placed before and deliberated by the Board.

**Table 5: Attendance of members in Audit Committee Meetings held during FY 2018-19**

| Name & Category of Directors | Position | Audit Committee meetings held during FY 2018-19 | |
|---|---|---|---|
| | | Eligibility | Attended |
| Mr. Ravi Bhoothalingam *(Independent Director)* | Chairman | 6 | 6 |
| Mrs. Geeta Mathur *(Independent Woman Director)* | Member | 6 | 6 |
| Lt.Gen. S.S.Mehta (Retd.)① *(Independent Director)* | Member | 6 | 6 |
| Mr. Kiyozumi Kamiki② *(Managing Director)* | Member | 1 | 1 |
| Mr. Akihiko Kawano③ *(Managing Director)* | Member | 5 | 4 |

**Notes :**

① Ceased to be a member of the Committee with effect from close of business hours of 31 March 2019.

② Ceased to be a member of the Committee with effect from close of business hours of 30 June 2018.

③ Appointed as one of the members of the Committee with effect from 1 July 2018.

## II) STAKEHOLDERS RELATIONSHIP COMMITTEE

A Stakeholders Relationship Committee of Directors of JIN looks into various aspects of interest of shareholders of the Company and is entrusted with all the powers, role and terms of reference as contemplated under Section 178 of the Companies Act, 2013, Regulation 20 of Listing Regulations, as applicable, and empowered by the Board of Directors of the Company to:

(1) Resolve the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

(2) Review measures taken for effective exercise of voting rights by shareholders.

(3) Review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

(4) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

(5) Issue duplicate Share Certificate(s) in lieu of the lost / torn / defaced / mutilated Share Certificate(s) of the Company and to authorize affixation of the Common Seal of the Company on the said duplicate Share Certificate(s) of the Company.

Mr. Sudhir Chopra, Director (Corporate Affairs) & Company Secretary is the Compliance Officer of the Company.

**Composition of Stakeholders Relationship Committee, its meetings and attendance record for the year ended 31 March 2019.**

As on 31 March 2019, the Stakeholders Relationship Committee comprises of Mr. Hidekazu Omura, Mr. Akihiko Kawano and Mr. Sudhir Chopra. In order to comply with the amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1 April 2019, Mr. Hidehito Araki, Independent Director was co-opted as one of the Members as well as Chairman of the Stakeholders Relationship Committee.

During the year ended 31 March 2019, the Committee met four times i.e., on 20 April 2018, 20 July 2018, 23 October 2018 and 24 January 2019 (see Table 6). Minutes of the Stakeholders Relationship Committee were placed before and deliberated by the Board.

**Table 6: Attendance of members in Stakeholders Relationship Committee Meetings held during FY 2018-19**

| Name & Category of Directors | Position | Stakeholders Relationship Committee Meetings held during FY 2018-19 | |
|---|---|---|---|
| | | Eligibility | Attended |
| Mr. Hidekazu Omura① *(Non-executive Director)* | Chairman | 4 | 4 |
| Mr. Kiyozumi Kamiki② *(Managing Director)* | Member | 1 | 1 |
| Mr. Sudhir Chopra *(Director-Corporate Affairs & Company Secretary)* | Member | 4 | 4 |
| Mr. Akihiko Kawano③ *(Managing Director)* | Member | 3 | 3 |

**Notes :**

① Ceased to be a member of the Committee with effect from close of business hours of 31 March 2019.

② Ceased to be a member of the Committee with effect from close of business hours of 30 June 2018.

③ Appointed as one of the members of the Committee with effect from 1 July 2018.

## III) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of JIN is entrusted with all the powers, role and terms of reference as contemplated under Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations as applicable and empowered by the Board of Directors of the Company to:

(1) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to

the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

(2) Formulate the criteria for evaluation of performance of independent directors and the Board of Directors;

(3) Devise a policy on diversity of Board of Directors;

(4) Identify 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 of Directors their appointment and removal;

(5) Extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

(6) Recommend to the Board, all remuneration, in whatever form, payable to senior management;

(7) Nominate suitable candidates on the Boards of subsidiary and associate companies in terms of Joint Venture / Shareholder or other Agreements.

In accordance with the requirements under Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations the Company has formulated a Nomination and Remuneration Policy to govern the terms of nomination / appointment and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP). The primary objective of the Policy is to provide a framework and set standards for nomination, remuneration and evaluation of Directors, KMP and SMP. This Policy has been designed to keep pace with the business environment and market linked positioning. The policy is displayed on the website of the Company (web link: http://www.jtekt.co.in/policies.html).

The performance evaluation of Directors including Independent Directors of the Company is done as per the Board Performance Evaluation Policy the objective of which is to provide a framework for evaluation of Directors, Chairman, Board of Directors collectively and its' Committees, the policy is displayed on the website of the Company (web link: http://www.jtekt.co.in/policies.html).

**Composition of Nomination and Remuneration Committee, its meetings and attendance record for the year ended 31 March 2019.**

As on 31 March 2019, the Nomination and Remuneration Committee comprises of Mr. Ravi Bhoothalingam, Mr. Hidekazu Omura and Lt.Gen. S.S. Mehta (Retd.). Except Mr. Hidekazu Omura, who is Non-executive Director, all other members of the Committee are Independent Directors. The Board of Directors in its meeting held on 16 March 2019, co-opted Mrs. Geeta Mathur, Independent Director and Mr. Horoshi Ii, Executive Chairman as Members of the Nomination and Remuneration Committee, effective 1 April 2019 and 15 April 2019 respectively.

During the year ended on 31 March 2019, the Committee met six times i.e., on 20 April 2018, 17 May 2018, 09 August 2018, 05 November 2018, 16 March 2019 and 28 March 2019 (see Table 7). Minutes of the Nomination and Remuneration Committee were placed before and deliberated by the Board.

**Table 7: Attendance of members in Nomination and Remuneration Committee Meetings held during FY 2018-19**

| Name & Category of Directors | Position | Nomination and Remuneration Committee Meetings held during FY 2018-19 | |
|---|---|---|---|
| | | Eligibility | Attended |
| Mr. Ravi Bhoothalingam *(Independent Director)* | Chairman | 6 | 6 |
| Mr. Hidekazu Omura① *(Non-Executive Director)* | Member | 6 | 6 |
| Lt.Gen. S.S. Mehta (Retd.)② *(Independent Director)* | Member | 6 | 6 |

**Notes :**

① Ceased to be a member of the Committee with effect from close of business hours of 31 March 2019.

② Ceased to be a member of the Committee with effect from close of business hours of 31 March 2019.

IV) RISK MANAGEMENT COMMITTEE

The purpose of the Risk Management Committee is to monitor and review the Risk Management Plan of the Company and shall look into the various risks identified by the Company and the steps taken to control / mitigate the same.

**Composition of Risk Management Committee, its meetings and attendance record for the year ended 31 March 2019.**

As on 31 March 2019, the Risk Management Committee comprises of Lt.Gen. S.S. Mehta (Retd.) and Mr. Akihiko Kawano. The Board of Directors in its meeting held on 17 May 2019 has co-opted Mrs. Geeta Mathur as one of the members as well as Chairperson of the Committee.

During the year ended 31 March 2019, the Committee met two times on 19 November 2018 and 28 March 2019 (see Table 8). Minutes of the Risk Management Committee were placed before and deliberated by the Board.

**Table 8: Attendance of members in Risk Management Committee Meetings held during FY 2018-19.**

| Name & Category of Directors | Position | Risk Management Committee Meetings held during FY 2018-19 | |
|---|---|---|---|
| | | Eligibility | Attended |
| Lt. Gen. S. S. Mehta (Retd.)① *(Independent Director)* | Chairman | 2 | 2 |
| Mr. Kiyozumi Kamiki② *(Managing Director)* | Member | 0 | 0 |
| Mr. Akihiko Kawano③ *(Managing Director)* | Member | 2 | 2 |

**Notes :**

① Ceased to be a member of the Committee with effect from close of business hours of 31 March 2019.

② Ceased to be a member of the Committee with effect from close of business hours of 30 June 2018.

③ Appointed as one of the members of the Committee with effect from 1 July 2018.

The details of foreign exchange risk and hedging activities are disclosed in Note No. 46 to the Annual Financial Statement

**V) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility Committee of Directors has been constituted by the Board of Directors in accordance with the provisions of Section 135 of the Companies Act, 2013, which discharges the following roles and responsibilities to:

(1) Formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

(2) Recommend the amount of expenditure to be incurred on the activities referred in CSR Policy; and

(3) Monitor the CSR Policy of the Company from time to time.

**Composition of Corporate Social Responsibility Committee, its meetings and attendance record for the year ended 31 March 2019.**

As on 31 March 2019, the Corporate Social Responsibility (CSR) Committee comprises of Mr. Ravi Bhoothalingam, Mr. Hidekazu Omura, Mr. Akihiko Kawano and Mrs. Geeta Mathur, out of which two directors, including Chairman, are Independent Directors.

During the year ended 31 March 2019, the Committee met four times i.e., on 18 May 2018, 19 November 2018, 23 January 2019 and 28 March 2019 (see Table 9). Minutes of the Corporate Social Responsibility Committee were placed before and deliberated by the Board.

**Table 9: Attendance of members in Corporate Social Responsibility Committee Meetings held during FY 2018-19.**

| Name & Category of Directors | Position | CSR Committee Meetings held during FY 2018-19 | |
|---|---|---|---|
| | | Eligibility | Attended |
| Mr. Ravi Bhoothalingam *(Independent Director)* | Chairman | 4 | 4 |
| Mr. Hidekazu Omura① *(Non-Executive Director)* | Member | 4 | 4 |
| Mr. Kiyozumi Kamiki② *(Managing Director)* | Member | 1 | 1 |
| Mr. Akihiko Kawano③ *(Managing Director)* | Member | 3 | 2 |
| Mrs. Geeta Mathur *(Independent Director)* | Member | 3 | 3 |

**Notes :**

① Ceased to be a member of the Committee with effect from close of business hours of 31 March 2019.

② Ceased to be a member of the Committee with effect from close of business hours of 30 June 2018.

③ Appointed as one of the members of the Committee with effect from 1 July 2018.

**MANAGEMENT**

**1) Management discussion and analysis**

This Annual Report has a detailed section on management discussion and analysis.

**2) Disclosures by Management to the Board**

All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested Directors neither participate in the discussion nor do they vote on such matters.

In compliance with SEBI regulations on prevention of insider trading, the Company has implemented a comprehensive policy for its management personnel and relevant business associates. The policy lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of JIN and cautioning them on consequences of violations.

**3) Code of Conduct**

The Board of Directors of the Company in their meeting held on 28 October 2005 has adopted the 'Code of Conduct' for all Board Members and designated members of Senior Management of the Company. Designated 'Senior Management' comprises personnel of the Company who are members of its core management team and, inter-alia, comprises all members of management one level below the Executive Directors, including all functional heads. With a view to cover more management personnel of the Company, the said Code of Conduct was amended by the Board of Directors in their meetings held on 15 May 2013 and 30 May 2014. The code of conduct is available on the website of the Company (web link: http://www.jtekt.co.in/policies.html). All Board members and designated management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

As a step towards good corporate governance, JIN has also implemented the 'Anti-Corruption & Anti-Bribery Policy' and 'Anti-Trust Policy' in line with the global practices and accordingly the scope of the previous Code of Conduct is further enlarged.

**4) Whistle Blower Policy**

As required under Section 177 (9) of the Companies Act, 2013 read with the Listing Regulations, the Company has formulated a Whistle Blower Policy. The policy comprehensively provides an opportunity for any employee / Director of the Company to raise any issue concerning breaches of law, accounting policies or any act resulting in financial or reputation loss and misuse of office or suspected or actual fraud. The policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. The policy has been communicated to the employees of the Company. The details of establishment of the Whistle Blower Policy/Vigil mechanism have been disclosed on the website of the Company (web link: http://www.jtekt.co.in/policies.html) stating the mechanism for reporting, safe guarding against victimisation. All the raised issues are reported to the Audit Committee of Director of Company.

**5) Subsidiary Company**

Pursuant to the provisions of Regulation 24(3) of the Listing Regulations, the minutes of the Board Meetings of the subsidiary company i.e. JTEKT Fuji Kiko Automotive India Limited (formerly known as Sona Fuji Kiko Automotive Limited) and a statement, wherever applicable, of all significant transactions and arrangements entered by the existing subsidiary company has been prepared and presented to the Board of JIN. The Audit

Committee of JIN has also reviewed the financial statements in particular the investments, if any, made by the subsidiary company.

In accordance with the requirement of Regulation 16 read with Regulation 24 of the Listing Regulations, the Company has formulated a policy for determining 'material' subsidiaries. The same is displayed on the website of the Company (web link: http://www.jtekt.co.in/policies.html).

Pursuant to the Scheme of Amalgamation approved by Hon'ble National Company Law Tribunal, Principal Bench, New Delhi vide its Order dated 7 March 2019, JTEKT Sona Automotive India Limited, one of the subsidiary company, was amalgamated with the Company effective 16 March 2019.

6) **Disclosure of accounting treatment in preparation of financial statements**

JIN has followed the guidelines of Indian Accounting Standards issued by the Ministry of Corporate Affairs (MCA) in preparation of its financial statements.

7) **Certifications**

The CEO and CFO certification on the financial statements for the year is enclosed along with this report.

Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disqualification Requirements) Regulation, 2015, a certificate of non dis-qualification of Directors, issued by a Practicing Company Secretary is enclosed along with this report.

8) **Fees paid to auditors**

The Company and its subsidiary viz. JTEKT Fuji Kiko Automotive India Limited have paid the following fees to the Statutory Auditors of the Company during the financial year 2018-19 for the various services availed:

(Amount in INR/Lakhs)

| Services | JTEKT India Limited | JTEKT Fuji Kiko Automotive India Limited |
|---|---|---|
| Statutory Audit Fee | 50.00 | 6.75 |
| Tax Audit Fee | 6.50 | 2.25 |
| Limited Review | 22.50 | 3.00 |
| Other Matters | 23.27 | 4.00 |
| Reimbursement of Expenses | 9.94 | 1.18 |

9) **Disclosure under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013**

As per requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH), the Company has placed adequate mechanism to provide safe and congenial working environment to all female employees, by regularly arranging trainings and awareness programs to sensitize all employees on the matter.

The Company has constituted location wise Internal Complaints Committees (ICC) to redress the complaints of female workers. The ICC's are composed of internal members and an external member who has extensive experience in the field. The Company has formulated a policy for the prohibition of sexual harassment at work place. The same is displayed on the website of the Company (web link: http://www.jtekt.co.in/policies.html).

Following is the status of complaints received under POSH during the Financial Year 2018-19:

| | | |
|---|---|---|
| 1. | Number of complaints filed: | Nil |
| 2. | Number of complaints disposed: | Nil |
| 3. | Number of complaints pending as on 31 March 2019: | Nil |

## SHAREHOLDERS

1) **Disclosures regarding appointment or re-appointment of Directors**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Mr. Sudhir Chopra, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company, has appointed following directors as Additional Directors of the Company and are proposed to be appointed as Directors of the Company in the ensuing Annual General Meeting of the Company:

| Name of Directors | Date of Appointment | Designation |
|---|---|---|
| Mr. Hirofumi Matsuoka | 11 August 2018 | Director |
| Mr. Hidehito Araki | 11 August 2018 | Independent Director |
| Mrs. Hiroko Nose | 11 August 2018 | Independent Woman Director |
| Mr. Hiroshi Ii | 15 April 2019 | Executive Chairman |
| Lt. Gen. Praveen Bakshi (Retd.) | 18 May 2019 | Independent Director |
| Mr. Inder Mohan Singh | 18 May 2019 | Independent Director |

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company in their meeting held on 17 May 2019, has elevated the position of Mr. Sudhir Chopra as Executive Vice-Chairman, with remuneration, for a period of three (3) years, with effect from 1 June 2019.

As required, a brief profile and other particulars of the Directors seeking appointment/re-appointment/elevation are given in the Notice of the 35 Annual General Meeting.

2) **Credit Ratings**

During the year the Company has obtained following revised Credit Ratings from ICRA, vide letter dated 15 March 2019:

| Particulars | Previous Rating | Revised Rating | Remarks |
|---|---|---|---|
| Long term | AA- | AA | Upgraded |
| Short term | A1+ | A1+ | Reaffirmed |

3) **Communication to Shareholders**

The financial results (quarterly, half-yearly and annual) of the Company were published in Business Standard (Hindi) and Business Standard (English) and also displayed at the Company's website http://www.jtekt.co.in. All official press releases, presentations made to analysts and institutional investors, if any, and other general information about the Company are also available on the Company's website.

4) **Investor Grievances**

As mentioned earlier in this section, the Company has constituted a Stakeholders Relationship Committee to look into various aspects of interest of shareholders including considering the investors' complaints. The status of complaints is reported to the Board of Directors in their meetings. Mr. Sudhir Chopra, Director (Corporate Affairs) & Company Secretary is the Compliance Officer.

The Board of Directors of the Company in their meeting held on 17 May 2019, has accepted the resignation of Mr. Sudhir Chopra from the post of the Company Secretary / Compliance Officer/ Key Managerial Personnel of the Company effective 18 May 2019. Consequently, the Board has appointed Mr. Nitin Sharma, a Fellow Member of the Institute of Company Secretaries of India as Company Secretary / Compliance Officer / Key Managerial Personnel with effect from 18 May 2019.

5) **Share Transfer**

M/s. Karvy Fintech Private Limited (formerly known as Karvy Computershare Private Limited) (Karvy), the Registrar and Transfer Agent of the Company handles all share transfers and related matters viz. physical transfer of securities, de-materialisation / re-materialisation of securities etc. Karvy is registered with the SEBI as a Category-1 Registrar.

6) **Details of Non-Compliance**

The Company has complied with all the requirements of regulatory authorities and no penalties or strictures were imposed on the Company by any stock exchange or SEBI or any statutory authority on any matter related to capital market during the last 3 years.

7) **Other Disclosures**

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations including other applicable mandatory requirements. The Corporate Governance Report of the Company for the Financial Year ended on 31 March 2019 is in compliance with the applicable requirements of SEBI as per Listing Regulations.

Further Company has adopted non-applicable requirement given under Regulation 21 of the Listing Regulations related to the Risk Management Committee and has also adopted non-mandatory requirement as per Regulation 27(1) read with Part E (E) of Schedule II of Listing Regulations, having the Internal Auditor of the Company reporting directly to the Audit Committee.

During the year ended on 31 March 2019, the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

8) **General Body Meeting**

Details of the last three Annual General Meetings of JIN held in accordance with the applicable provisions of the Companies Act, 2013 and Listing Regulations (see Table 10).

**Table 10: Date, time and venue of the last three Annual General Meetings**

| Financial Year (Ended) | Date | Time | Venue |
|---|---|---|---|
| 31 March 2016 | 5 August 2016 | 10.00 A.M. | Air Force Auditorium Subroto Park, New Delhi-110 010 |
| 31 March 2017 | 22 August 2017 | 10:00 A.M. | Air Force Auditorium Subroto Park New Delhi-110 010. |
| 31 March 2018 | 10 August 2018 | 10:00 A.M. | Air Force Auditorium Subroto Park New Delhi-110 010 |

9) **Special Resolutions**

In the ensuing 35 Annual General Meeting of the Company to be held on 09 August 2019, the shareholders' consent is being sought by way of Special Resolution(s) for:

- Appointment of Mr. Hirofumi Matsuoka as Director of the Company whose office is liable to retire by rotation.
- Appointment of Mr. Hidehito Araki as Independent Director of the Company.
- Appointment of Mrs. Hiroko Nose as Independent Woman Director of the Company.
- Appointment of Lt. Gen. Praveen Bakshi (Retd.) as Independent Director of the Company.
- Appointment of Mr. Inder Mohan Singh as Independent Director of the Company.
- Appointment of Mr. Hiroshi Ii as an Executive Chairman and Non-rotational Director of the Company.
- Appointment of Mr, Sudhir Chopra as Executive Vice Chairman of the Company, whose period of office would be liable to determination by retirement of Directors by rotation.

The details of Special Resolutions passed in the previous three Annual General Meetings of the Company are as under:

34 Annual General Meeting held on 10 August 2018

- Appointment of Mrs. Geeta Mathur as an Independent Woman Director of the Company.
- Appointment of Mr. Akihiko Kawano as Managing Director of the Company.
- Remuneration/Commission to Independent Directors.

33 Annual General Meeting held on 22 August 2017

- Appointment of Mr. Kiyozumi Kamiki as Managing Director of the Company.
- Appointment of Mr. Sudhir Chopra as Director (Corporate Affairs) & Company Secretary of the Company.
- Consent to mortgage and/or charge all or any part of the movable / immovable properties of the Company under Section 180(1)(a) of the Companies Act, 2013.

32 Annual General Meeting held on 5 August 2016

- Appointment of Mr. Kiran Manohar Deshmukh as Executive Vice Chairman of the Company.

- Re-appointment of Mr. Kiyozumi Kamiki as Dy. Managing Director.
- Consent to mortgage and/or charge all or any part of the movable / immovable properties of the Company under Section 180(1)(a) of the Companies Act, 2013.

10) **Postal Ballots**

At the ensuing Annual General Meeting to be held on 09 August 2019 there is no matter proposed to be passed by the Company, which requires Postal Ballot. Also, there was no matter passed through Postal Ballot at the 34 Annual General Meeting of the Company.

During the year ended on 31 March 2019, a Special Resolution was passed in a meeting of Equity Shareholders convened pursuant to Order of the National Company Law Tribunal, Principal Bench, New Delhi (Tribunal) dated 25 September 2018, to obtain Shareholders' consent on Scheme of Amalgamation between JTEKT SONA Automotive India Limited (Amalgamating Company) and JTEKT India Limited (Amalgamated Company) and their respective shareholders and creditors. For this purpose an option was given to the members to cast their vote by remote E-Voting or Postal Ballot or polling paper at the Tribunal Convened Meeting.

CA Gurdev Bassi was appointed by the Tribunal as scrutinizer for the purpose of overseeing the voting process of the Tribunal Convened Meeting. The details are as follows:

**Resolution: To approve with or without modification(s), the Scheme of Amalgamation between JTEKT Sona Automotive India Limited and JTEKT India Limited and their respective shareholders and creditors.**

| | | |
|---|---|---|
| Total No. of Shareholders as on cut-off date (15/11/2018) | | 44,159 |
| Total No. of Equity Shares | | 19,87,41,832 |
| **Particulars** | **Number of Votes** | **% of Votes** |
| Total Number of Equity Shares | 19,87,41,832 | 100.0000% |
| No. of Votes casted through Postal Ballot | 1,01,769 | 0.2097% |
| No. of Votes – in favour | 1,01,721 | 99.9528% |
| No. of Votes – against | 48 | 0.0472% |

The Company has complied with the procedures for the postal ballot in terms of Section 108 and Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

11) **Recommendations of Committees**

During the Financial Year ended on 31 March 2019, the Board of directors had accepted all the recommendations of Committees of directors of the Company.

# CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members of,**
**JTEKT India Limited (formerly known as "Sona Koyo Steering Systems Limited")**

**Practicing Company Secretary's Certificate on compliance with the conditions of Corporate Governance as per Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The accompanying Corporate Governance Report (the 'Report') contains details of compliance of conditions of Corporate Governance, as per regulations 17-27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') by JTEKT India Limited (formerly known as "Sona Koyo Steering Systems Limited") (the 'Company') for the year ended 31 March 2019. We have initialed the Report for identification purpose only.

**Management's Responsibility for compliance with the conditions of Listing Regulations**

1. The Management is responsible for ensuring that the Company complies with the requirements of the Listing Regulations and for providing all relevant information to the Securities and Exchange Board of India.
2. The preparation of the accompanying Corporate Governance Report is the responsibility of the Management of the Company. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Report, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

**Responsibility of the Practicing Company Secretary**

3. Pursuant to the requirements of Clause E to Section V to the Listing Regulations, it is our responsibility to obtain reasonable assurance and form an opinion as to whether the Company complies with the conditions of Corporate Governance.
4. We have examined the compliance of the conditions of Corporate Governance by **JTEKT India Limited** ('the Company') for the year ended on March 31, 2019, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").
5. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

**Opinion**

6. Based on the examination above, in our opinion and to the best of our information and according to the explanations given to us, and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2019.

**Restriction on Use**

7. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **KKS & Associates**

**Krishna Kumar Singh**
*Practicing Company Secretary*
Membership no:F8493
CP No. : 9760

Place : Delhi
Date : 17th May 2019

# ADDITIONAL SHAREHOLDER INFORMATION

**ANNUAL GENERAL MEETING**

| | | |
|---|---|---|
| Date | : | 09 August 2019 |
| Venue | : | The Air Force Auditorium<br>Subroto Park<br>New Delhi 110 010. |
| Time | : | 04.00 P.M. |

**FINANCIAL CALENDAR**

| | | |
|---|---|---|
| Financial year | : | 1 April 2019 to 31 March 2020 |

For the year ending 31 March 2020, results will be announced:

| | | |
|---|---|---|
| First Quarter Financial Results | : | Tentatively in Second Week of August 2019 |
| Second Quarter and Half Yearly Financial Results | : | Tentatively in Second Week of November 2019 |
| Third Quarter Financial Results | : | Tentatively in Second Week of February 2020 |
| Fourth Quarter and annual Financial Results | : | Tentatively in Third Week of May 2020 |

**BOOK CLOSURE**

The dates of book closure are from 03 August 2019 to 09 August 2019 (both days inclusive).

**DIVIDEND RATE**

The Board of Directors of JIN, in their meeting held on 17 May 2019, has recommended the dividend of INR 0.80 per Equity Share of INR 1/- each for the year ended 31 March 2019. The dividend if approved by the Shareholders at the ensuing Annual General Meeting will be dispatched/credited on and after 16 August 2019.

**LISTING AND STOCK CODE**

The Company's Equity Shares are listed on BSE Limited and National Stock Exchange of India Limited.

| Name and Address of the Stock Exchanges | Stock Code | Date of payment of listing fees |
|---|---|---|
| BSE Limited<br>Phiroze Jeejeebhoy Towers, Dalal Street,<br>Mumbai- 400001 | 520057 | 24 April 2019 |
| National Stock Exchange of India Limited<br>Exchange Plaza, Plot no. C/1, G Block,<br>Bandra-Kurla Complex Bandra (E)<br>Mumbai - 400 051. | JTEKTINDIA | 24 April 2019 |

The ISIN Number of JIN (or demat number) on both NSDL and CDSL is INE643A01035

**STOCK DATA**

Table 1 gives the monthly high and low prices and volumes of Equity Shares of JIN at BSE Limited. (BSE) and National Stock Exchange of India Limited (NSE) for the year ended 31 March 2019.

**Table 1: Monthly shares price* (In INR) data and volumes on BSE and NSE**

| Month and year | BSE | | | NSE | | |
|---|---|---|---|---|---|---|
| | High | Low | Volumes | High | Low | Volumes |
| April 2018 | 121.00 | 89.45 | 1558092 | 121.65 | 89.55 | 11017738 |
| May 2018 | 114.00 | 101.50 | 259801 | 114.30 | 102.00 | 2067792 |
| June 2018 | 105.00 | 91.05 | 1142969 | 106.00 | 90.90 | 2181881 |
| July 2018 | 117.50 | 86.10 | 13663144 | 118.00 | 92.25 | 5962467 |
| August 2018 | 144.00 | 110.50 | 1276767 | 144.40 | 109.30 | 7403025 |
| September 2018 | 146.45 | 107.00 | 718476 | 146.40 | 107.70 | 4466574 |
| October 2018 | 124.75 | 95.55 | 1408242 | 124.70 | 95.65 | 2515171 |
| November 2018 | 121.50 | 103.55 | 402049 | 121.75 | 103.55 | 1843882 |
| December 2018 | 112.05 | 99.55 | 253492 | 115.60 | 100.00 | 929433 |
| January 2019 | 105.90 | 90.70 | 179686 | 106.50 | 90.45 | 1134378 |
| February 2019 | 99.70 | 83.05 | 225750 | 102.00 | 83.00 | 783120 |
| March 2019 | 117.15 | 93.00 | 328400 | 117.50 | 93.50 | 2301207 |

Note: High and Low are in rupees per traded share. These are simple(un-weighted) average. Volume is the total monthly volume of trade (in number) in JIN's shares on the BSE & NSE.

* Face Value of JIN's Share is INR 1/- each.

**Chart A: The movement of JIN's share price on BSE vis-à-vis BSE Sensex for the year 2018-19.**

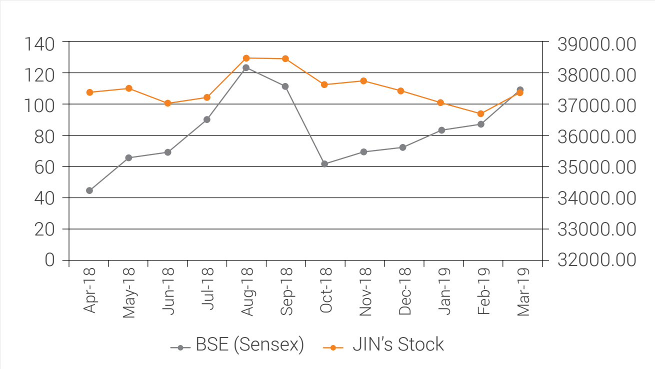
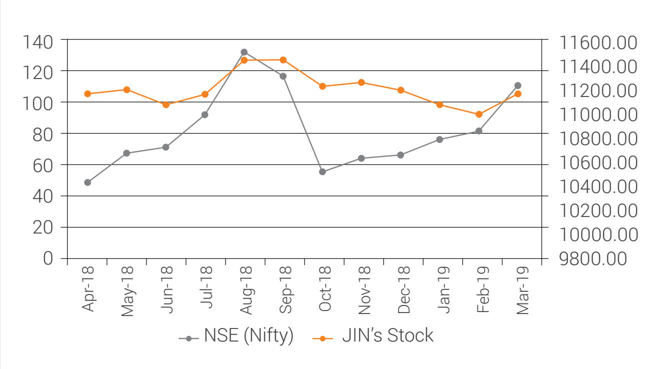



**Chart B: The movement of JIN's share price on NSE vis-à-vis NSE Indices for the year 2018-19.**




## DISTRIBUTION OF SHAREHOLDING

For the distribution of shareholding and shareholding pattern of JIN as on 31 March 2019 see Table 2A and 2B respectively.

**Table 2A : Distribution of Shareholding by size class as on 31 March 2019**

| Amount | Number of shareholders | Number of shares held | Shareholding (%) |
|---|---|---|---|
| Upto 5000 | 39093 | 19396158 | 7.93 |
| 5001-10000 | 719 | 5339922 | 2.18 |
| 10001-20000 | 273 | 4038678 | 1.65 |
| 20001-30000 | 90 | 2269219 | 0.93 |
| 30001-40000 | 32 | 1126434 | 0.46 |
| 40001-50000 | 13 | 604499 | 0.25 |
| 50001-100000 | 33 | 2413413 | 0.99 |
| 100001 & above | 40 | 209292146 | 85.61 |
| **Total** | **40293** | **244480469** | **100** |

**Table 2B : Distribution of Shareholding by ownership as on 31 March 2019**

| Category | No. of Shareholders | No. of Shares held | Shareholding % |
|---|---|---|---|
| Foreign Body Corporate | 1 | 169559997 | 69.36 |
| Indian Company | 1 | 13800000 | 5.64 |
| **Promoter & Promoter Group (A)** | **2** | **183359997** | **75.00** |
| Bodies Corporate | 445 | 2894447 | 1.18 |
| Individuals and HUF | 38990 | 37255401 | 15.24 |
| Non resident Indians | 769 | 2969722 | 1.21 |
| Foreign Nationals | 1 | 3134 | 0.00 |
| Mutual Funds | 4 | 5902000 | 2.41 |
| Foreign Portfolio Investors | 16 | 3902031 | 1.60 |
| Financial Institutions / Banks | 5 | 276668 | 0.11 |
| Alternate Investment Funds | 3 | 1728678 | 0.71 |
| Insurance Companies | 1 | 1200000 | 0.49 |
| NBFC | 7 | 450090 | 0.18 |
| Trusts | 1 | 5500 | 0.00 |
| Clearing Members | 47 | 40247 | 0.02 |
| IEPF | 1 | 1453989 | 0.59 |
| Unclaimed Suspense A/c* | 1 | 3038565 | 1.24 |
| **Public Shareholding (B)** | **40291** | **61120472** | **25.00** |
| **Total (A+B)** | **40293** | **244480469** | **100.00** |

**As per SEBI Circular No. CIR/CFD/DIL/10/2010 dated 16 December 2010, the unclaimed Equity Shares of the Company have been consolidated under this Account.*

## SHARES HELD IN PHYSICAL AND DEMATERIALIZED FORM

As on 31 March 2019, 80.73% of JIN's shares were held in dematerialized form and the rest in physical form. The promoter & co-promoter owns 75.00% of equity shares in JIN, out of which 75.05% were held in dematerialized form.

*Note: Percentage do not include 4,57,38,637 Equity Shares allotted by the Board of Directors of the Company on 16 March 2019, to the shareholders of the Amalgamating Company, pursuant to Scheme of Amalgamation. for which all the approvals from BSE and NSE have been received. The shares of Promoters have been credited in the Demat Account of the Promoter on 6 May 2019 and accordingly as on the date of signing of this report the 100% shareholding of Promoters and 99.47% of the total Equity Share Capital of JIN is held in dematerialized form.*

### EQUITY SHARES IN THE SUSPENSE ACCOUNT

The unclaimed equity shares are lying in the Demat Account titled as 'JTEKT India Limited – Unclaimed Suspense Account' maintained with Karvy Stock Broking Limited, Depository Participant. The Equity Shares transferred to said Unclaimed Suspense Account belong to the members who are still holding the old Share Certificates pertaining to the Equity Shares of the Face Value of INR 10/- or INR 2/- each. The Company is releasing the Equity Shares from the said Demat Account, as and when it receives any valid request from the shareholder (see Table 3).

**Table 3 : The details of Equity Shares held in the Unclaimed Suspense Account as on 31 March 2019**

| Particulars | No. of Shareholders | Number of Equity Shares |
|---|---|---|
| Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year (1 April 2018). | 1717 | 3160015 |
| Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2018-19. | 43 | 121450 |
| Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2018-19. | 43 | 121450 |
| Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account as on 31 March 2019. | 1674 | 3038565 |
| The voting right shall remain frozen till the rightful owner of such shares claims the share. | 1674 | 3038565 |

### OUTSTANDING GDRS / ADRS / WARRANTS / CONVERTIBLE INSTRUMENTS AND THEIR IMPACT ON EQUITY

The Company has no outstanding GDRs, ADRs, Warrants or any Convertible Instruments.

### DETAILS OF PUBLIC FUNDING OBTAINED IN THE LAST THREE YEARS

The Company has not obtained any public funding in the last three years.

### SHARE TRANSFER SYSTEM

All share transfers and related operations are conducted by M/s. Karvy Fintech Private Limited (formerly known as Karvy Computershare Pvt. Ltd.), the Registrar and Transfer Agent of the Company, which is registered with the SEBI as a Category 1 Registrar.

The Company has constituted a Stakeholders Relationship Committee for redressing shareholders' and investors' complaints.

Shareholders / Investors should address their correspondence to:

Karvy Fintech Private Limited
Unit: JTEKT India Limited
Karvy Selenium Tower-B,
Plot No. 31 & 32,
Financial District, Gachibowli,
Nanakramguda, Serilingampally,
Hyderabad 500 032
e-mail : einward.ris@karvy.com

The Company Secretary
JTEKT India Limited
UGF-6, Indra Prakash
21, Barakhamba Road
New Delhi – 110 001.
e-mail : investorgrievance@jtekt.co.in

Karvy Fintech Private Limited
Unit: JTEKT India Limited
305, New Delhi House
27, Barakhamba Road,
Connaught Place
New Delhi – 110 001.

The Board of Directors, vide resolution dated 4 September 2013, has delegated the powers with respect to approving & registration of transfers / transmission / transposition of Equity shares to authorized officials of Karvy Fintech Private Limited (Formerly known as Karvy Computershare Private Limited), the Registrar and Share Transfer Agents of the Company, based on the duly filled in and executed Share Transfer Deeds, valid Share Certificate and other requisite documents.

### UNCLAIMED DIVIDENDS

Under the Companies Act, 2013, dividends that are unclaimed for a period of seven years have to be transferred to the Investor Education and Protection Fund administered by the Central Government. Table 4A gives the date of dividend declaration or payment since 2012 and the corresponding dates when unclaimed dividends are due for transfer to the Central Government. Table 4B gives the unclaimed dividend amount since 2012.

**Table 4A : Date of transferring unclaimed dividend to the Central Government**

| Year | Type | Date of declaration | Date due for transfer to Central Government |
|---|---|---|---|
| 2012 | Final | 1 August 2012 | 31 August 2019 |
| 2013 | Final | 10 August 2013 | 9 September 2020 |
| 2014 | Final | 23 September 2014 | 23 October 2021 |
| 2015 | Final | 14 September 2015 | 14 October 2022 |
| 2016 | Final | 5 August 2016 | 8 September 2023 |
| 2017 | Final | 22 August 2017 | 25 September 2024 |
| 2018 | Final | 10 August 2018 | 11 September 2025 |

During the financial year under review, the Company has transferred INR 18,08,771/- to Investor Education and Protection Fund towards unclaimed dividend pertaining to the year ended 31 March 2011.

**Table 4B : Unclaimed dividend as on 31 March 2019**

| Year | Type | No. of warrants issued | No. of warrants unclaimed | % unclaimed | Amount of dividend (INR Lakhs) | Dividend unclaimed (INR Lakhs) | % unclaimed |
|---|---|---|---|---|---|---|---|
| 2012 | Final | 48779 | 5484 | 11.24 | 1291.87 | 37.08 | 2.86 |
| 2013 | Final | 53987 | 9607 | 17.80 | 1291.89 | 36.72 | 2.84 |
| 2014 | Final | 53202 | 10571 | 19.87 | 1589.98 | 42.65 | 2.68 |
| 2015 | Final | 53041 | 11485 | 21.65 | 1291.91 | 35.72 | 2.76 |
| 2016 | Final | 53430 | 12051 | 22.55 | 993.83 | 27.97 | 2.81 |
| 2017 | Final | 49988 | 9036 | 18.08 | 993.82 | 28.27 | 2.84 |
| 2018 | Final | 50280 | 7701 | 15.32 | 993.82 | 22.48 | 2.26 |

## NUMBER AND NATURE OF COMPLAINTS REGARDING SHARES

**Table 5 : Details of Investor complaints regarding shares for the year 2018-19.**

| Nature of complaint | Number of complaints | Number redressed |
|---|---|---|
| Non-receipt of dividend / Interest / Redemption | 5 | 5 |
| Non-receipt of Annual Report | 4 | 4 |
| Non-receipt of Share Certificates | 5 | 5 |
| Others | 0 | 0 |
| **Total** | **14** | **14** |

## PLANTS' LOCATION

1. 38/6, NH-8, Delhi-Jaipur Road, Gurugram-122 001 (Haryana).
2. 32, HUDA Industrial Area Phase II, Dharuhera, Distt. Rewari-122 106 (Haryana).
3. 19, HUDA Industrial Area Phase II, Dharuhera, Distt. Rewari-122 106 (Haryana).
4. 39/2/2, 3/2 4/2, 7, 8 Village Malpura, Tehsil Dharuhera, Dist. Rewari-123 401 (Haryana).
5. 26, Sector-5, Phase-II, Growth Centre, Bawal, Distt. Rewari-123 501 (Haryana).
6. 731, Sector 37 C, Pace City – II, Gurugram-122 001 (Haryana).
7. P.O. Box 14, Chennai-Bangalore Highway, Sriperumbudur, Distt. Chinglepet, Chennai-602 105 (Tamil Nadu).
8. D-9, Tata Motors Vendor Park, Survey No. 1, Village North Kotepura, Sanand, Viroch Nagar, Amhedabad-382 170 (Gujarat).

## REGISTERED OFFICE

UGF-6, Indraprakash, 21 Barakhamba Road, New Delhi-110 001.

## HEAD OFFICE

M3M Cosmopolitan, First Floor, Sector 66, Ram Garh Road, Adjacent to Golf Course Extn. Road, Gurugram-122 002 (Haryana)

# CERTIFICATION BY COMPANY SECRETARY IN PRACTICE

## CERTIFICATE OF NON DIS-QUALIFICATION OF DIRECTORS

**Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disqualification Requirements) Regulation, 2015**

To The Members,
**JTEKT India Limited**
UGF-6 Indraprakash
21, Barakhamba Road,
New Delhi-110001

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of JTEKT India Limited having CIN: L29113DL1984PLC018415 and having registered office at UGF-6 Indraprakash, 21, Barakhamba Road, New Delhi-110001 (hereinafter referred to as 'the Company'), produced before me by the Company 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 Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors 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 Directors on the Board of the Company as stated below for the Financial Year ended on 31 March 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, New Delhi or any such other Statutory Authority .

| Sl. No. | Name of Directors | DIN | Date of appointment in Company |
|---|---|---|---|
| 1. | Mr. Hidekazu Omura① | 06865724 | 30/05/2014 |
| 2. | Mr. Akihiko Kawano | 08160588 | 01/07/2018 |
| 3. | Mr. Hirofumi Matsuoka | 08192915 | 11/08/2018 |
| 4. | Mr. Sudhir Chopra | 00058148 | 18/05/2017 |
| 5. | Ms. Toshiya Miki | 07505339 | 05/08/2016 |
| 6. | Mr. Ravi Bhoothalingam | 00194530 | 27/03/2002 |
| 7. | Lt.Gen.Shamsher Singh Mehta (Retd)② | 02201929 | 30/04/2008 |
| 8. | Mrs. Geeta Mathur | 02139552 | 10/11/2017 |
| 9. | Mr. Hidehito Araki | 02517509 | 11/08/2018 |
| 10. | Mrs. Hiroko Nose | 06389168 | 11/08/2018 |

① Rescinded from the position of Director and Chairman of Board with effect from close of business hours of 31 March 2019.
② Upon attaining the age of 75 years, has rescinded from the position of Director of the Company with effect from close of business hours of 31 March 2019.

Ensuring the eligibility for 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 the basis 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.

For **Arun Gupta & Associates**
Company Secretaries

**Arun Kumar Gupta**
Proprietor
Membership No. 21227
C.P. No. 8003

Place: New Delhi
Date: 17/05/2019

# CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

As required by Regulation 17(8) of the Listing Regulations, the CEO and CFO declaration is given below:

**To the Board of Directors**
**JTEKT India Limited**
UGF-6 Indraprakash
21, Barakhamba Road,
New Delhi-110001

We, Akihiko Kawano, Managing Director and Rajiv Chanana, Chief Financial Officer of JTEKT India Limited (the Company), hereby certify to the Board that:

a) We have reviewed financial statements and the cash flow statement for the year ended 31 March 2019 and that to the best of our knowledge and belief:

   i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee:

   i) Significant changes in internal control over financial reporting during the year;

   ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **JTEKT India Limited**

Place: Gurugram
Dated: 17 May 2019

**Rajiv Chanana**
(Chief Financial Officer)

**Akihiko Kawano**
(Managing Director)

# DECLARATION OF THE CHIEF EXECUTIVE OFFICER

This is to certify that the Company had laid down Code of Conduct of the Board Members and the Senior Management Personnel of the Company and the same is uploaded on the website (http://www.jtekt.co.in/policies.html).

Further certified that the Members of the Board of Directors and Senior Management Personnel have affirmed the compliance with the Code applicable to them during the year 31 March 2019.

For **JTEKT India Limited**

Place: Gurugram
Date: 17 May 2019

**Akihiko Kawano**
(Managing Director)

# BOARD'S REPORT

**TO THE MEMBERS,**

Your Directors have pleasure in presenting their 35 Annual Report together with audited accounts of the Company for the year ended 31 March 2019.

## 1) Financial Results

**STANDALONE AND CONSOLIDATED PREFORMANCE OF THE COMPANY**

(Amount in INR /Lakhs)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year |
| | 31 March 2019 | 31 March 2018 Re-presented (refer note 37) | 31 March 2019 | 31 March 2018 Re-presented (refer note 36) |
| Total Income (net of excise duty) | 1,78,566.74 | 1,53,216.71 | 1,76,560.99 | 1,56,732.26 |
| Profit before interest, depreciation & tax | 21,341.68 | 20,191.28 | 23,328.41 | 21,988.26 |
| - Interest | 1,551.81 | 2,132.93 | 1,555.11 | 2,144.73 |
| - Depreciation & write offs | 9,060.00 | 9,194.63 | 9,594.64 | 9,605.11 |
| Profit before share of profit of Associates | 10,729.87 | 8,863.72 | 12,178.66 | 10,238.42 |
| Add : Share of profit of associates | - | - | - | 195.92 |
| Profit before tax | 10,729.87 | 8,863.72 | 12,178.66 | 10,434.34 |
| Less : Provision for tax | 4,178.53 | 4,040.56 | 4,632.01 | 4,548.6 |
| Provision for deferred tax liability/(assets) | (305.05) | (927.08) | (279.51) | (955.21) |
| Profit after tax | 6,856.39 | 5,750.24 | 7,826.16 | 6,840.95 |
| Less : Share of profit transferred to minority | - | - | 551.97 | 464.84 |
| Profit for the year | 6,856.39 | 5,750.24 | 7,274.19 | 6,376.11 |
| **Retained Earnings** | | | | |
| Balance at the beginning of the year | 31,833.25 | 11,609.61 | 33,411.90 | 20,050.37 |
| Business combination under common control | - | 15,693.92 | - | 8,211.79 |
| Profit for the year | 6,856.39 | 5,750.24 | 7,274.19 | 6,376.11 |
| Payment of Dividend on equity shares | (1,861.18) | (993.82) | (1,861.18) | (993.82) |
| Corporate Dividend Tax paid | (522.43) | (194.52) | (553.88) | (202.31) |
| OCI Transfer to Retained Earnings | (107.05) | (32.18) | (105.55) | (30.24) |
| **Balance at the end of the year** | **36,198.98** | **31,833.25** | **38,165.48** | **33,411.90** |

The financial statements for the year ended 31 March 2019 and 31 March 2018 have been updated so as to give effect to the composite Schemes of Amalgamation between JTEKT Sona Automotive India Limited (JSAI) and JTEKT India Limited (JIN/the Company). The amalgamation has been accounted under the 'pooling of interest' method in accordance with Appendix C of Ind AS 103 'Business Combinations' and comparatives have been restated for amalgamation with effect from 22 June 2017 (i.e. the date when JTEKT Corporation, Japan acquired control over the Company). Accordingly, results of JSAI have been included in all the periods of the financial results presented. Further, share of profits in JSAI has been considered up to 21 June 2017 as an associate, in the restated consolidated results for the year ended 31 March 2018. Accordingly, the figures for stand-alone and consolidated financial results for the year ended 31 March 2019 are not comparable with the re-stated stand-alone and consolidated financial results for the previous year ended 31 March 2018 due to the amalgamation being carried out effective from 22 June 2017 in accordance with Appendix C of Ind AS 103.

## 2) State of Affairs of the Company

The Company has reported a growth in its revenue from operations viz-a-viz last year and posted a PAT of INR 6856 lakhs. Improvement in profitability reflects the success of Company's efforts in controlling the fixed costs and synergies resulting on account of amalgamation.

## 3) Capital Expenditure on tangible assets- standalone

This year, on standalone basis, we incurred a capital expenditure of INR 5390.91 lakhs. This comprises of INR 601.62 lakhs on civil construction at our existing manufacturing facilities, INR 159.75 lakhs addition to land being additional demand raised by HSIIDC for our manufacturing facility at Bawal, INR 431.09 lakhs on manufacturing set up being plant & machinery, jigs & fixtures etc. and INR 871.28 lakhs on other assets such as office equipments etc.

4) **Dividend**

Your directors are pleased to recommend a dividend of INR 0.80 per equity share of the face value of INR 1/- each (@ 80%) out of profit for Financial Year 2018-19, payable to those Shareholders whose names appear in the Register of Members as on the date of closer of Register of Member. An amount of INR 4,02,02,944/- would be paid as dividend distribution tax on the dividend.

During the previous Financial Year dividend was paid at the rate of 50% on the equity share capital of the Company.

No interim dividend was declared by the Board of Directors during Financial Year 2018-19.

5) **Reserves**

(INR/ Lakhs)

| Particulars | 31 March 19 | 31 March 18 |
|---|---|---|
| Balance as per last financial statements | 31,833.25 | 11,609.61 |
| Add: Profit for the year | 6,856.39 | 5,750.24 |
| Add: Business Combinations under Common Control | - | 15,693.92 |
| Less: Appropriations | | |
| Dividend paid | 1,861.18 | 993.82 |
| Tax on dividend paid | 522.43 | 194.52 |
| Less : OCI Transfer to Retained Earnings | 107.05 | 32.18 |
| Net surplus in the statement of profit and loss | 36,198.98 | 31,833.25 |

The Board of Directors has not proposed any amount for transfer to reserves for the year ended 31 March 2019.

6) **Amalgamation**

As part of the Company's restructuring plan, the Board of Directors of the Company in their meeting held on 9 February 2018, had approved the Scheme of Amalgamation of JTEKT Sona Automotive India Limited ('JSAI'), a subsidiary of JTEKT India Limited ('the Company'), with the Company and the same was approved by the Members at the meeting held on 15 November 2018, convened on the direction of the Hon'ble National Company Law Tribunal, Principal Bench, New Delhi ('NCLT').

The NCLT vide its Order dated 7 March 2019 had approved the Scheme, which was filed with the Registrar of Companies, NCT of Delhi & Haryana on 16 March 2019, being the 'Effective Date'. Pursuant thereto, in accordance with the terms of the Scheme, JSAI was amalgamated with the Company w.e.f., the Appointed Date i.e. 1 April 2018, and consequently, JSAI stands dissolved without winding up. The necessary accounting entries giving effect to the amalgamation have been passed in the books of accounts of the Company.

7) **Change of nature of Business (if any)**

There has been no change in the nature of business of the Company during the financial year.

8) **Share Capital**

Pursuant to amalgamation of JSAI with the Company:

(a) the Authorized Share Capital of the Company has been increased from INR 27,10,00,000/- to INR 87,10,00,000/- consisting of 87,10,00,000 nos. of Equity Shares of INR 1/- each; and

(b) 4,57,38,637 nos. of new Equity Shares of the Company (rank pari passu with the existing equity shares) have been allotted to the shareholders of JSAI, accordingly, the Paid Up Equity Share Capital of the Company has been increased from INR 1,987.42 lakhs to INR 2444.80 lakhs.

As on 31 March 2019, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

9) **Significant and material Orders passed by the Regulators or Courts**

There are no significant or material adverse Orders passed by the Regulators or Courts that would impact the going concern status of the Company and its future operations.

10) **Material changes and commitments, if any, affecting the financial position of the Company**

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which financial statements relate and the date of the report.

11) **Details in respect of adequacy of internal controls**

The Company has an effective and reliable internal control system commensurate with its size and operations. The internal controls are aligned to global standards and processes while also adhering to local statutory requirements. The internal controls systems are supported through, management reviews, verification by internal auditors, as well as verification by statutory auditors. Further, the audit committee of the Board reviews the internal audit plan, adequacy of internal controls system, significant audit observations and monitors the sustainability of remedial measures.

In addition to policies, procedures, and guidelines, the internal controls system is facilitated by an automated "Compliance Manager Tool", which enables self-assessment by process owners on status of all applicable regulatory compliances and Internal Controls including, controls relating to adherence to company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information. The status of each self-assessment is approved by an immediate superior. The status of self-assessment is periodically deliberated and reviewed by the Senior Management. Further, the accuracy of sample self-assessments is verified through periodic internal audits.

The aforesaid internal control system provides high degree of assurance with respect to effectiveness and efficiency of operations, adequacy and adherence of internal financial controls and compliances with laws and regulations.

## 12) Details and Performance of Subsidiary Company

The Company has the following subsidiary :

o <u>JTEKT Fuji Kiko Automotive India Limited ('JFIN') (formerly known as Sona Fuji Kiko Automotive Limited)</u>

During the year under review, the name of Sona Fuji Kiko Automotive Limited has been changed to 'JTEKT Fuji Kiko Automotive India Limited ('JFIN'). In JFIN, the Company is holding 51% of the Equity Capital. This Company was established in technical and financial collaboration with FUJI KIKO Co. Ltd., Japan with a business objective of manufacturing Columns / Column parts to be primarily used in the manufacturing of C-EPS by the Company. The Plant of JFIN is located in Bawal, Haryana. During the year ended 31 March 2019, JFIN has achieved total revenue of INR 10360.29 lakhs and earned net profit of INR 1129.39 lakhs. The Board of Directors of JFIN in their meeting held on 10 May 2019 has recommended a dividend at the rate of 50% for the financial year ended on 31 March 2019.

## 13) Subsidiary Company Accounts

During the year, the Board of Directors reviewed the affairs of the subsidiary company. In accordance with Section 129(3) of the Companies Act, 2013, the consolidated financial statements of the Company forms part of the Annual Report. Further, a statement containing the salient features of the financial statement of the subsidiary company in the prescribed Form AOC-1 is attached along with financial statement. The statement also provides the details of performance, financial position of the subsidiary company.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of its subsidiary company, are available on Company's website www.jtekt.co.in. These documents will also be available for inspection during business hours at Company's registered office. The Company shall provide the copy of financial statements of its subsidiary company to the shareholders upon their request.

In accordance with the Accounting Standard 'AS-110' on Consolidated Financial Statements read with Accounting Standard 'AS-28' on Investment in Associates and Joint Ventures, the Audited Consolidated Financial Statements are provided in the Annual Report.

## 14) Extract of Annual Return

The extract of Annual Return as provided under sub-section (3) of Section 92 of the Companies Act, 2013 is enclosed as Annexure–I in the prescribed form MGT-9 and forms part of this Report.

## 15) Corporate Social Responsibility

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established Corporate Social Responsibility (CSR) Committee and statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this Report as Annexure – II.

During the year under review, the Company made a contribution of INR 20 lakhs to Cavalry Endowment Fund Trust. The Trust renders social, moral and financial assistance for the betterment of life of war widows, military orphans and girl child.

Our main CSR efforts during the financial year were directed towards rural development programs. Several initiatives have been taken to improve the life of villagers. One such program which got completed is the construction of a bus stand at main village road in Malpura, Haryana, which is extensively used by school going children, ladies and old persons to protect them from scorching heat and rain. Another project towards rural development was directed towards improving the safety conditions in Village Banipur. The Company installed 105 Solar Street Lights in this Village which is located near to our manufacturing facility at Bawal, Haryana. Also with the objective to provide safe and clean drinking water, the Company had installed RO System in Village Banipur, Haryana, and during the year under review incurred an amount of INR 2.79 lakhs towards repair and annual maintenance of the said RO.

The Company considers social responsibility as an integral part of its business activities and endeavors to utilize allocable CSR budget for the benefit of society. JIN's CSR initiatives are on the focus areas approved by the Board benefitting the community with its rural development programs. However, the company has just embarked on the journey of ascertained CSR programs in the area of rural development and some of the projects are in the pipeline and shall be implemented in FY 2019-20. For this reason, during the year, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013. The CSR activities are scalable with few new initiatives that may be considered in future and moving forward the Company will endeavour to spend the complete amount on CSR activities in accordance with the statutory requirements.

For composition and other details pertaining to the Corporate Social Responsibility Committee, please refer to the Corporate Governance Report.

## 16) Number of meetings of the Board of Directors

The Board of Directors met 5 (five) times in the year ended 31 March 2019. The details of the board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

## 17) Nomination & Remuneration Committee and its policy

The Board of Directors had constituted a Nomination & Remuneration Committee to review 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 and such other ancillary functions as may be required.

The Company follows a policy on remuneration of Directors and Senior Management Employees. The policy is approved by the Nomination & Remuneration Committee and the Board.

For composition and other details pertaining to the Nomination & Remuneration Committee, please refer to the Corporate Governance Report.

### 18) Particulars of contracts or arrangements with related parties

The Company has entered into contracts / arrangements with the related parties in the ordinary course of business and on arm's length basis. Thus, provisions of Section 188(1) of the Act are not applicable.

However, in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), all transactions with related parties, which are of material in nature, are subject to the approval of the Members of the Company. Particulars of contracts or arrangements with related parties in prescribed Form AOC-2 is appended as Annexure -III.

### 19) Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013, the Company had appointed Mr. S. S Gupta, Company Secretaries, in Practice, as its Secretarial Auditors to conduct the secretarial audit of the Company for the FY 2018-19. Due to the sudden demise of Mr. S. S. Gupta, the Board of Directors of the Company in their meeting held on 16 March 2019 have appointed M/s Ranjeet Pandey & Associates, Practicing Company Secretaries as its Secretarial Auditors to conduct the secretarial audit of the Company for FY 2018-19. The Company provided all assistance and facilities to the Secretarial Auditors for conducting their audit. The Report of Secretarial Auditors for the FY 2018-19 is annexed to this report as Annexure – IV. The report does not contain any qualification.

### 20) Cost records and Cost audit

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

### 21) Risk Management

The Board of Directors of the Company had constituted a Risk Management Committee to oversee the risk management process in the Company.

The Company has laid down a well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and mitigate both business and non-business risks. The Risk Management Committee periodically reviews the risks and suggests the steps to be taken to identify and mitigate the same through a properly defined framework (weblink-http://www.jtekt.co.in/policies.html).

### 22) Corporate Governance

The Company has complied with the corporate governance requirements under the Companies Act, 2013, and as stipulated under the Listing Regulations. A separate section on corporate governance under the Listing Regulations, along with a certificate from the Practicing Company Secretary confirming the compliance, is annexed and forms part of this Annual Report.

### 23) Vigil Mechanism

The Company has established a vigil mechanism for Directors and employees to report their genuine concerns. For details, please refer to the Corporate Governance Report annexed and form part of this Annual Report.

### 24) Listing

The Securities of your Company are listed at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) and the Company has paid the requisite Listing Fee.

### 25) Deposits

The Company has not invited any deposits covered under Chapter V of the Companies Act, 2013 and no amount of principal or interest was outstanding at the end of financial year.

### 26) Loans, Guarantees and Investments

During the year under review, no loans, guarantees and investments were made by the Company under Section 186 of the Companies Act, 2013, hence the said provision is not applicable.

### 27) Directors & Key Managerial Personnel

As on 31 March 2019, your Company has ten (10) Directors consisting of five (5) Independent Directors (including two (2) Woman Director), two (2) Non-executive Directors, a Non-executive Chairman, one (1) Executive Director and an Executive Managing Director.

In terms of the definition of 'Independence' of Directors as prescribed under the Listing Regulations and Section 149(6) of the Companies Act, 2013 the Company has received declarations from the following Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and Listing Regulations and also complied with the Code of Conduct of the Company:

1) Mr. Ravi Bhoothalingam
2) Lt.Gen. Shamsher Singh Mehta (Retd.)
3) Mrs. Geeta Mathur
4) Mr. Hidehito Araki
5) Mrs. Hiroko Nose

During the year under review:

- Mr. Kiyozumi Kamiki after successful completion of term of five years returned to Japan for his new role within JTEKT Corporation and thus rescinded from the position of Managing Director of the Company with effect from the close of business hours of 30 June 2018;
- Mr. Akihiko Kawano was appointed as Managing Director of the Company with effect from 1 July 2018;
- Mr. Ramesh Suri, due to his pre-occupancy, resigned from the position of Independent Director of the Company effective from the close of business hours of 4 July 2018;

- Mr. Seiho Kawakami, who has been managing the steering business of JTEKT Corporation, Japan, superannuated from JTEKT Corporation and accordingly has rescinded from the position of Director of the Company effective from the close of business hours of 10 August 2018;

- Mr. Hirofumi Matsuoka was appointed as an Additional Director, effective 11 August 2018;

- Mr. Hidehito Araki & Mrs. Hiroko Nose were appointed as Additional Directors in the position of Independent Directors with effect from 11 August 2018;

- Mr. Hidekazu Omura after completing his five years' stay in India, returned back to Japan for his new role and thus rescinded from the position of Director and Chairman of the Company effective from the close of business hours of 31 March 2019;

- Mr. Hiroshi Ii has been appointed as an Executive Chairman with effect from 15 April 2019 by the Board of Directors of the Company in its meeting held on 16 March 2019; and

- Lt. Gen. Shamsher Singh Mehta (Retd.), upon attaining the age of seventy-five years has rescinded from the position of Independent Director effective from the close of business hours of 31 March 2019.

Your Directors take this opportunity to place on record the appreciation of services rendered by Mr. Hidekazu Omura, Mr. Kiyozumi Kamiki, Mr. Seiho Kawakami, Lt. Gen. Shamsher Singh Mehta (Retd.) and Mr. Ramesh Suri during their association with the Company.

Pursuant to the provisions of Section 152(6) read with the Articles of Association of the Company, Mr. Sudhir Chopra (DIN: 00058148) will retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

**28) Board Evaluation**

The Company has devised a Policy for performance evaluation of Independent Directors, the Board, its Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors.

The performance evaluation of the Board, its Committees and individual directors was conducted and the same was based on questionnaire and feedback received from all the Directors on the Board as a whole, Committees and self-evaluation.

Based on the questionnaire and feedback, the performance of every director was evaluated in the meeting of the Nomination and Remuneration Committee.

A separate meeting of the independent directors was convened on 6 May 2019, which reviewed the performance of the Board (as a whole), the non-independent directors and the Chairman. Post the Annual Independent Directors' meeting, the collective feedback of each of the Independent Directors was discussed by the Chairman of the Nomination & Remuneration Committee with the Board's Chairman covering performance of the Board as a whole; performance of the non-independent directors and performance of the Board's Chairman.

**29) Audit Committee**

For composition and other details pertaining to the Audit Committee, please refer to the Corporate Governance Report annexed and forms part of this Annual Report.

**30) Directors' Responsibility Statement**

Pursuant to clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013 (the 'Act'), the directors confirm that:

a) in the preparation of the annual accounts for the financial year 2018-19, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c) the directors have taken proper and sufficient care 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 directors have prepared the annual accounts on a going concern basis;

e) the directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**31) Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo.**

A statement containing the necessary information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be given pursuant to provisions of Section 134 of the Companies Act, 2013, read with the rules made there under is annexed as Annexure – V and forms part of this report.

**32) Statutory Auditors**

Under Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the Statutory Auditors on completion of the maximum term permitted under the provisions of Companies Act, 2013. In line with the requirements of the Companies Act, 2013, M/s. B S R & Co.LLP, Chartered Accountants (ICAI Registration no.101248W/W-100022) was appointed as the Statutory Auditors of the Company to hold office for a period of five consecutive years from the conclusion of the 33 Annual General Meeting of the Company held on 22 August 2017 till the conclusion of the 38 Annual General Meeting to be held in the year 2022. The requirement for the annual ratification of auditors' appointment at the Annual General Meeting has been omitted pursuant to Companies (Amendment) Act, 2017 notified on 7 May 2018.

The report given by M/s. B S R & Co.LLP, Chartered Accountants on the financial statements of the Company for the financial year 2018-19 forms part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their report.

**33) Employees**

Disclosure pertaining to remuneration and other details 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, are provided in Annexure - VI(a) to this Report.

A statement showing the details of employees of the Company who are drawing salary as per the limits prescribed under rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 during the Financial Year 2018-19 or part thereof, is annexed herewith as Annexure - VI(b) to this Report.

**34) Acknowledgements**

Your Directors acknowledge with gratitude the co-operation and support extended by JIN's customers namely Maruti Suzuki, Mahindra & Mahindra, Tata Motors, Honda, Fiat India, Toyota Kirloskar, General Motors, John Deere, Club Car, E-z-go, Renault-Nissan and Isuzu, the Financial Institutions, Banks, various agencies of the Government.

Your Directors also wish to place on record their sincere appreciation of the services rendered by all the employees of the Company and are thankful to the Shareholders for their continued patronage.

For and on behalf of the Board

**Hiroshi Ii**
Executive Chairman
[DIN 0008385716]

Place : Gurugram
Dated : 17 May 2019

ANNEXURE - I

# FORM MGT-9

**Extract of Annual Return as on the financial year ended on 31 March 2019**
**[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]**

## I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| i) CIN | - | L29113DL1984PLC018415 |
| ii) Registration Date | - | 14 June, 1984 |
| iii) Name of the Company | - | JTEKT India Limited<br>[formerly known as Sona Koyo Steering Systems Limited] |
| iv) Category / Sub-Category of the Company | - | Manufacturing Automotive Components |
| v) Address of the Registered office and contact details | - | UGF-6, Indraprakash, 21, Barakhamba Road,<br>New Delhi 110001<br>Tel : 91 11 23311924<br>email : investorgrievance@jtekt.co.in |
| vi) Whether listed company Yes / No | - | Yes |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | - | Karvy Fintech Private Limited<br>(formerly known as Karvy Computershare Pvt. Ltd.)<br>Karvy Selenium Tower B, Plot 31-32,<br>Financial District, Gachibowli<br>Nanakramguda, Serilingampally Mandal, Hyderabad<br>Telangana- 500032.<br>Tel: 91 40 67161524, email: einward.ris@karvy.com |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

| Sl. No. | Name and description of main products / services | NIC code of the product / service | % to total turnover of the Company |
|---|---|---|---|
| 1. | Steering gear assembly | 29301 | 82% |
| 2. | Drive line assembly | 29301 | 11% |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and address of the company | CIN/GLN | Holding / Subsidiary | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1. | **JTEKT Corporation**<br>No. 5 - 8, Minamisemba,<br>3-Chome, Chuo-Ku, Osaka,<br>Japan | Not Applicable | Holding Company | 69.36% | 2(46) |
| 2. | **JTEKT Fuji Kiko Automotive India Limited**<br>(formerly known as Sona Fuji Kiko Automotive Limited)<br>UGF-6, Indraprakash,<br>21, Barakhamba Road, New Delhi 110 001. | U35122DL2007PLC166496 | Subsidiary Company | 51% | 2(87)(ii) |

During the year under review, JTEKT Sona Automotive India Limited ceased to be the subsidiary / associate company of the Company pursuant to its amalgamation with the Company effective 16 March 2019. The appointed date for the Scheme of Amalgamation was 1 April 2018.

## IV SHAREHOLDING PATTERN (Equity share capital breakup as percentage of total equity)

### i) Category-wise shareholding

| Sl. No. | Category of Shareholders | No. of Shares held at the beginning of the year (01.04.2018) | | | | No. of Shares held at the end of the year (31.03.2019) | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | Particulars | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. | **Promoters** | | | | | | | | | |
| | **1. Indian** | | | | | | | | | |
| | a) Individual/HUF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 |
| | b) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d) Bodies Corp. | 13800000 | 0 | 13800000 | 6.94 | 13800000 | 0 | 13800000 | 5.64 | (1.30) |
| | e) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | f ) Any Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **Sub-total (A) (1)** | **13800000** | **0** | **13800000** | **6.94** | **13800000** | **0** | **13800000** | **5.64** | **(1.30)** |
| | **2. Foreign** | | | | | | | | | |
| | a) NRIs-Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | b) Other–Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c) Bodies Corp. | 138771253 | 0 | 138771253 | 69.82 | 123821374 | 45738623 | 169559997 | 69.36 | (0.46) |
| | d) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | e) Any Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **Sub-total (A) (2)** | **138771253** | **0** | **138771253** | **69.82** | **123821374** | **45738623** | **169559997** | **69.36** | **(0.46)** |
| | **Total shareholding of Promoter & Promoter Group [(A) = (A)(1)+(A)(2)]** | **152571253** | **0** | **152571253** | **76.76** | **137621374** | **45738623** | **183359997** | **75.00** | **(1.76)** |
| B. | **Public Shareholding** | | | | | | | | | |
| | **1. Institutions** | | | | | | | | | |
| | a) Mutual Funds | 152000 | 0 | 152000 | 0.08 | 5902000 | 0 | 5902000 | 2.41 | 2.33 |
| | b) Banks / FI | 30400 | 6000 | 36400 | 0.02 | 276653 | 15 | 276668 | 0.11 | 0.09 |
| | c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | f ) Insurance Companies | 1200000 | 0 | 1200000 | 0.60 | 1200000 | 0 | 1200000 | 0.49 | (0.11) |
| | g) FIIs | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0 | 0 |
| | h) Foreign Venture Capital Investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | i) Others (Foreign Portfolio Investors) | 349438 | 0 | 349438 | 0.18 | 3902031 | 0 | 3902031 | 1.60 | 1.42 |
| | j) Others (Alternate Investment Funds) | 0 | 0 | 0 | 0 | 1728678 | 0 | 1728678 | 0.71 | 0.71 |
| | **Sub-total (B)(1)** | **1731838** | **6000** | **1737838** | **0.88** | **13009362** | **15** | **13009377** | **5.32** | **4.44** |
| | **2. Non-Institutions** | | | | | | | | | |
| | **a) Bodies Corp.** | | | | | | | | | |
| | i) Indian | 4230619 | 152620 | 4383239 | 2.21 | 5782392 | 150620 | 5933012 | 2.43 | 0.22 |
| | ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **b) Individuals** | | | | | | | | | |
| | i) holding shares upto INR 2 lakh | 28703077 | 1341810 | 30044887 | 15.12 | 30258358 | 1144334 | 31402692 | 12.84 | (2.28) |
| | ii) holding shares above INR 2 lakh | 3333417 | 0 | 3333417 | 1.68 | 5852709 | 0 | 5852709 | 2.39 | 0.71 |
| | **c) Others** | 6578098 | 93100 | 6671198 | 3.35 | 4848182 | 74500 | 4922682 | 2.02 | (1.33) |
| | **Sub-total (B)(2)** | **42845211** | **1587530** | **44432741** | **22.36** | **46741641** | **1369454** | **48111095** | **19.68** | **(2.68)** |
| | **Total Public Shareholding [(B)=(B)(1)+(B)(2)]** | **44577049** | **1593530** | **46170579** | **23.24** | **59751003** | **1369469** | **61120472** | **25.00** | **1.76** |
| C. | **Shares held by Custodian for GDRs & ADRs** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Grand Total (A+B+C)** | | **197148302** | **1593530** | **198741832** | **100.00** | **197372377** | **47108092** | **244480469** | **100.00** | **0** |

**Notes :**

Percentage in bracket represents negative percentage.

The percentages (as on 01.04.2018) are calculated on the pre amalgamated paid up share capital of the Company.

The percentages (as on 31.03.2019) are calculated on the post amalgamated paid up share capital of the Company.

**ii) Shareholding of Promoters**

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | |
| 1 | JTEKT Corporation | 138771253 | 69.82① | 0.00 | 169559997 | 69.36 ② | 0.00 | (0.46) ② |
| 2 | Maruti Suzuki India Limited | 13800000 | 6.94① | 0.00 | 13800000 | 5.64 ② | 0.00 | (1.30) ② |
| | **Total** | **152571253** | **76.76①** | **0.00** | **183359997** | **75.00 ②** | **0.00** | **(1.76) ②** |

① The percentages are calculated on the pre amalgamated paid up share capital of the Company.

② The percentages are calculated on the post amalgamated paid up share capital of the Company.

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

| Sl. No. | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1. | JTEKT Corporation | | | | |
| | At the beginning of the year | 138771253 | 69.82 | 138771253 | 69.82① |
| | Disposed off during the year | (14949879) | (7.52) | 123821374 | 62.30① |
| | Purchased / allotted during the year | 45738623② | 18.71 | 169559997 | 69.36③ |
| | At the end of the year | 169559997 | 69.36 | 169559997 | 69.36③ |
| 2. | Maruti Suzuki India Limited | | | | |
| | At the beginning of the year | 13800000 | 6.94 | 13800000 | 6.94① |
| | Disposed off during the year | 0 | 0 | 0 | 0 |
| | Purchased during the year | 0 | 0 | 0 | 0 |
| | At the end of the year | 13800000 | 5.64 | 13800000 | 5.64③ |

① The percentages are calculated on the pre-amalgamated paid up share capital of the Company.
② Shares are allotted to JTEKT Corporation pursuant to Scheme of Amalgamation executed between JTEKT Sona Automotive India Limited and the Company, which was approved by the Hon'ble National Company Law Tribunal, Principal Bench, New Delhi vide its Order dated 7 March 2019.
③ The percentages are calculated on the post amalgamated paid up share capital of the Company.

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sl. No. | Name of the shareholders | Shareholding at the beginning of the Year as on 01.04.2018 | | Date wise increase decrease in shareholding during the year | | Reason for increase / decrease | Cumulative Shareholding during the Year | |
|---|---|---|---|---|---|---|---|---|
| | | No of Shares | % of total shares of the Company | Date | Increase / Decrease in share holding | | No of Shares | % of total shares of the Company |
| 1. | Reliance Capital Trustee Co.Ltd. – A/c. Reliance Small Cap Fund② | 0 | 0.00 | 01/04/2018 | | | 0 | 0.00 |
| | | | | 20/07/2018 | 6000000 | Transfer | 6000000 | 3.02 |
| | | | | 22/03/2019 | -250000 | Transfer | 5750000 | 2.35③ |
| | | | | 31/03/2019 | | | 5750000 | 2.35③ |
| 2. | Vanaja Sundar Iyer② | 0 | 0.00 | 01/04/2018 | | | 0 | 0.00 |
| | | | | 22/06/2018 | 1000000 | Transfer | 1000000 | 0.50 |
| | | | | 07/09/2018 | 200000 | Transfer | 1200000 | 0.60 |
| | | | | 05/10/2018 | 300000 | Transfer | 1500000 | 0.75 |
| | | | | 12/10/2018 | 86563 | Transfer | 1586563 | 0.80 |
| | | | | 22/03/2019 | 418960 | Transfer | 2005523 | 0.82③ |
| | | | | 31/03/2019 | | | 2005523 | 0.82③ |
| 3. | White Oak India Equity Fund② | 0 | 0.00 | 01/04/2018 | | | 0 | 0.00 |
| | | | | 20/07/2018 | 1596952 | Transfer | 1596952 | 0.80 |
| | | | | 26/10/2018 | -341952 | Transfer | 1255000 | 0.63 |
| | | | | 31/03/2019 | | | 1255000 | 0.51③ |

| Sl. No. | Name of the shareholders | Shareholding at the beginning of the Year as on 01.04.2018 | | Date wise increase decrease in shareholding during the year | | Reason for increase / decrease | Cumulative Shareholding during the Year | |
|---|---|---|---|---|---|---|---|---|
| | | No of Shares | % of total shares of the Company | Date | Increase / Decrease in share holding | | No of Shares | % of total shares of the Company |
| 4. | General Insurance Corporation of India | 1200000 | 0.60 | 01/04/2018 | | | 1200000 | 0.60 |
| | | | | 31/03/2019 | | | 1200000 | 0.49[3] |
| 5. | Siddharth Iyer[1] | 1000000 | 0.50 | 01/04/2018 | | | 1000000 | 0.50 |
| | | | | 15/06/2018 | -1000000 | Transfer | 0 | 0.00 |
| | | | | 31/03/2019 | | | 0 | 0.00 |
| 6. | Rajni Tarun Jain[1] | 575000 | 0.29 | 01/04/2018 | | | 575000 | 0.29 |
| | | | | 27/04/2018 | -58624 | Transfer | 516376 | 0.26 |
| | | | | 10/08/2018 | -125000 | Transfer | 391376 | 0.20 |
| | | | | 14/09/2018 | -50000 | Transfer | 341376 | 0.17 |
| | | | | 12/10/2018 | -75651 | Transfer | 265725 | 0.13 |
| | | | | 19/10/2018 | -25000 | Transfer | 240725 | 0.12 |
| | | | | 02/11/2018 | -8119 | Transfer | 232606 | 0.12 |
| | | | | 09/11/2018 | -10940 | Transfer | 221666 | 0.11 |
| | | | | 30/11/2018 | -25000 | Transfer | 196666 | 0.10 |
| | | | | 08/02/2019 | -31339 | Transfer | 165327 | 0.08 |
| | | | | 01/03/2019 | -100000 | Transfer | 65327 | 0.03 |
| | | | | 22/03/2019 | -65327 | Transfer | 0 | 0.00 |
| | | | | 31/03/2019 | | | 0 | 0.00 |
| 7. | Harmony Advisory Services LLP[1] | 549776 | 0.28 | 01/04/2018 | | | 549776 | 0.28 |
| | | | | 27/04/2018 | -89776 | Transfer | 460000 | 0.23 |
| | | | | 04/05/2018 | -60000 | Transfer | 400000 | 0.20 |
| | | | | 11/05/2018 | -165000 | Transfer | 235000 | 0.12 |
| | | | | 18/05/2018 | -99 | Transfer | 234901 | 0.12 |
| | | | | 25/05/2018 | -1040 | Transfer | 233861 | 0.12 |
| | | | | 29/06/2018 | -4277 | Transfer | 229584 | 0.12 |
| | | | | 27/07/2018 | -229584 | Transfer | 0 | 0.00 |
| | | | | 31/03/2019 | | | 0 | 0.00 |
| 8. | Mukul Agrawal | 500000 | 0.25 | 01/04/2018 | | | 500000 | 0.25 |
| | | | | 13/04/2018 | 800000 | Transfer | 1300000 | 0.65 |
| | | | | 20/07/2018 | 800000 | Transfer | 2100000 | 1.06 |
| | | | | 27/07/2018 | 100000 | Transfer | 2200000 | 1.11 |
| | | | | 16/11/2018 | 5000 | Transfer | 2205000 | 1.11 |
| | | | | 31/03/2019 | | | 2205000 | 0.90[3] |
| 9. | Infina Finance Private Limited[2] | 0 | 0.00 | 01/04/2018 | | | 0 | 0.00 |
| | | | | 08/03/2019 | 202139 | Transfer | 202139 | 0.10 |
| | | | | 15/03/2019 | 197861 | Transfer | 400000 | 0.20 |
| | | | | 29/03/2019 | 16600 | Transfer | 416600 | 0.17[3] |
| | | | | 31/03/2019 | | | 416600 | 0.17[3] |
| 10. | Deep J Master | 408500 | 0.21 | 01/04/2018 | | | 408500 | 0.21 |
| | | | | 06/04/2018 | 2500 | Transfer | 411000 | 0.21 |
| | | | | 13/04/2018 | -6000 | Transfer | 405000 | 0.20 |
| | | | | 20/04/2018 | -5000 | Transfer | 400000 | 0.20 |
| | | | | 10/08/2018 | -5000 | Transfer | 395000 | 0.20 |
| | | | | 17/08/2018 | -50000 | Transfer | 345000 | 0.17 |
| | | | | 24/08/2018 | -53500 | Transfer | 291500 | 0.15 |
| | | | | 31/08/2018 | -7000 | Transfer | 284500 | 0.14 |
| | | | | 07/09/2018 | -5500 | Transfer | 279000 | 0.14 |
| | | | | 14/09/2018 | -5500 | Transfer | 273500 | 0.14 |
| | | | | 21/09/2018 | -1000 | Transfer | 272500 | 0.14 |
| | | | | 09/11/2018 | -3000 | Transfer | 269500 | 0.14 |
| | | | | 07/12/2018 | -1000 | Transfer | 268500 | 0.14 |
| | | | | 21/12/2018 | -68500 | Transfer | 200000 | 0.10 |
| | | | | 15/02/2019 | 3000 | Transfer | 203000 | 0.10 |
| | | | | 22/03/2019 | -3000 | Transfer | 200000 | 0.08[3] |
| | | | | 31/03/2019 | | | 200000 | 0.08[3] |

| Sl. No. | Name of the shareholders | Shareholding at the beginning of the Year as on 01.04.2018 | | Date wise increase decrease in shareholding during the year | | Reason for increase / decrease | Cumulative Shareholding during the Year | |
|---|---|---|---|---|---|---|---|---|
| | | No of Shares | % of total shares of the Company | Date | Increase / Decrease in share holding | | No of Shares | % of total shares of the Company |
| 11. | P&Y Capital Trust② | 0 | 0.00 | 01/04/2018 | | | 0 | 0.00 |
| | | | | 20/07/2018 | 240000 | Transfer | 240000 | 0.12 |
| | | | | 19/10/2018 | 8000 | Transfer | 248000 | 0.12 |
| | | | | 28/12/2018 | 2000 | Transfer | 250000 | 0.13 |
| | | | | 11/01/2019 | 18000 | Transfer | 268000 | 0.13 |
| | | | | 18/01/2019 | 8000 | Transfer | 276000 | 0.14 |
| | | | | 01/02/2019 | 24000 | Transfer | 300000 | 0.15 |
| | | | | 08/02/2019 | 23500 | Transfer | 323500 | 0.16 |
| | | | | 15/02/2019 | 26500 | Transfer | 350000 | 0.18 |
| | | | | 31/03/2019 | | | 350000 | 0.14③ |
| 12. | Yodhan Sachdev | 300000 | 0.15 | 01/04/2018 | | | 300000 | 0.15 |
| | | | | 06/04/2018 | -300000 | Transfer | 0 | 0.00 |
| | | | | 27/04/2018 | 10000 | Transfer | 10000 | 0.01 |
| | | | | 18/05/2018 | 9000 | Transfer | 19000 | 0.01 |
| | | | | 01/06/2018 | 292000 | Transfer | 311000 | 0.16 |
| | | | | 03/08/2018 | 489000 | Transfer | 800000 | 0.40 |
| | | | | 31/03/2019 | | | 800000 | 0.33③ |
| 13. | P and Y Estates LLP | 300000 | 0.15 | 01/04/2018 | | | 300000 | 0.15 |
| | | | | 09/11/2018 | -50000 | Transfer | 250000 | 0.13 |
| | | | | 29/03/2019 | 50000 | Transfer | 300000 | 0.12③ |
| | | | | 31/03/2019 | | | 300000 | 0.12③ |
| 14. | D Srimathi | 289917 | 0.15 | 01/04/2018 | | | 289917 | 0.15 |
| | | | | 13/04/2018 | 448 | Transfer | 290365 | 0.15 |
| | | | | 25/05/2018 | 12000 | Transfer | 302365 | 0.15 |
| | | | | 31/03/2019 | | | 302365 | 0.12③ |

Notes :

The above information is based on the weekly beneficiary position received from depositories.

① Ceased to be in the list of Top 10 shareholders as on 31.03.2019. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 01.04.2018.

② Not in the list of Top 10 shareholders as on 01.04.2018. The same has been reflected above since the shareholders were one of the Top 10 shareholders as on 31.03.2019.

③ The percentages are calculated on the post amalgamated Paid Up Share Capital of the Company.

v) **Shareholding of Directors and Key Managerial Personnel (KMP)**

| Sl. No. | Shareholding of Directors and Key Managerial Personnel | Shareholding at the beginning of the year as on 01.04.2018 | | Change in shareholding during the year | | Shareholding at the end of the year as on 31.03.2019 | |
|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| **Directors** | | | | | | | |
| 1. | Mr. Sudhir Chopra,<br>Director (Corporate Affairs) & Company Secretary | 1,500 | 0.00% | 6 | 0.00% | 1,506 | 0.00% |
| **KMPs** | | | | | | | |
| 1. | Mr. Sudhir Chopra,<br>Director (Corporate Affairs) & Company Secretary | 1,500 | 0.00% | 6 | 0.00% | 1,506 | 0.00% |
| 2. | Mr. Rajiv Chanana,<br>Chief Financial Officer | 3,000 | 0.00% | 0 | 0.00% | 3,000 | 0.00% |

vi) **Indebtedness**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

(INR / Lakhs)

| Particulars | Secured Loan excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the Financial Year** | | | | |
| i) Principle Amount | 21206.65 | 2363.22 | - | 23569.87 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 53.38 | - | - | 53.38 |
| **Total (i+ii+iii)** | **21260.03** | **2363.22** | **-** | **23623.25** |
| **Change in Indebtedness during the Financial Year** | | | | |
| • Addition | 3679.58 | 971.11 | - | 4650.69 |
| • Reduction | -6980.40 | -2050.94 | - | -9031.34 |
| **Net Change** | **-3300.82** | **-1079.84** | **-** | **-4380.65** |
| **Indebtedness at the end of the Financial Year** | | | | |
| i) Principle Amount | 17905.84 | 1283.38 | - | 19189.22 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 23.09 | - | - | 23.09 |
| **Total (i+ii+iii)** | **17928.93** | **1283.38** | **-** | **19212.31** |

vii) **Remuneration of Directors and Key Managerial Personnel**

A. **Remuneration to Managing Director, Whole-time Directors and/or Manager.**

(INR / Lakhs)

| Sl. No. | Particulars of Remuneration | Mr. Kiyozumi Kamiki Managing Director | Mr. Akihiko Kawano Managing Director | Mr. Sudhir Chopra Director (Corporate Affairs) & Company Secretary | Total Amount |
|---|---|---|---|---|---|
| 1. | Gross Salary | | | | |
| | a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 12.23* | 36.47* | 108.10 | 156.80 |
| | b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 2.55* | 13.07* | 7.61 | 23.23 |
| | c) Profit in lieu of salary u/s 17(3) of the Income Tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission | - | - | - | - |
| | • As % of profit | - | - | 50.00 | 50.00 |
| | • Others, specify | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| | **Total (A)** | **14.78*** | **49.54*** | **165.71** | **230.03** |

**Indicates earnings for part of the financial year.*

B. **Remuneration to other directors:**

(INR / Lakhs)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|---|---|---|---|---|---|---|---|
| 1. | **Independent Directors** | **Mr. Ravi Bhoothalingam** | **Mr. S.S. Mehta** | **Mrs. Geeta Mathur** | **Mr. Hidehito Araki** | **Mrs. Hiroko Nose** | |
| | Fee for attending Board / Committee Meetings | 9.50 | 8.75 | 6.00 | 1.50 | 1.50 | 27.25 |
| | Commission | 34.00 | 34.00 | 28.40 | 6.80 | 6.80 | 110.00 |
| | Others, please specify | - | - | - | - | - | - |
| | **Total (1)** | **43.50** | **42.75** | **34.40** | **8.30** | **8.30** | **137.25** |
| 2. | **Other Non Executive Directors** | **Mr. Hidekazu Omura** | **Mr. Seiho Kawakami** | **Mr. Hirofumi Matsuoka** | **Mr. Toshiya Miki** | | |
| | Fee for attending Board / Committee Meetings | 9.50 | 1.50 | 0.50 | 1.00 | | 12.50 |
| | Commission | - | - | - | - | | - |
| | Others, please specify | - | - | - | - | | - |
| | **Total (2)** | **9.50** | **1.50** | **0.50** | **1.00** | | **12.50** |
| | **Total (B) = (1+2)** | | | | | | **149.75** |
| | **Total Managerial Remuneration (A+B)** | | | | | | **454.24** |
| | Overall Ceiling as per the Act | | | | | | **'Refer Note'** |

Note : In terms of the provisions of the Companies Act, 2013, the remuneration payable to directors other than executive directors shall not exceed 1% of the net profit of the Company. The remuneration paid to the non-executive directors is well within the said limit.

C. **Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole time Directors**

(INR / Lakhs)

| Sl. No. | Particulars of Remuneration | Chief Financial Officer | Total Amount (INR/ Lakhs) |
|---|---|---|---|
| 1. | Gross Salary | | |
| | a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 80.66 | 80.66 |
| | b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 4.33 | 4.33 |
| | c) Profit in lieu of salary u/s 17(3) of the Income Tax Act, 1961 | - | - |
| 2. | Stock Option | - | - |
| 3. | Sweat Equity | - | - |
| 4. | Commission | | |
| | • As % of profit | - | - |
| | • Others, specify | - | - |
| 5. | Others, please specify | - | - |
| | **Total** | **84.99** | **84.99** |

viii) **Penalties / Punishment / Compounding of Offences : NONE**

ANNEXURE - II

# CSR REPORT

| | | |
|---|---|---|
| 1. | A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs. | CSR Activities of JTEKT India Limited are carried out by the company itself<br><br>The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website: www.jtekt.co.in |
| 2. | The Composition of the CSR Committee | 1) Mr. Ravi Bhoothalingam, Independent Director [Chairman]<br>2) Mr. Akihiko Kawano, Managing Director [Member]<br>3) Mrs. Geeta Mathur, Independent Director [Member] |
| 3. | Average net profit of the Company for last three financial years | ₹ 8078.57 Lakhs |
| 4. | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) | ₹ 161.57 Lakhs |
| 5. | Details of CSR spent during the financial year | |
| | Total amount to be spent for the financial year | ₹ 161.57 Lakhs |
| | Amount unspent, if any. | ₹ 108.69 Lakhs |
| | Manner in which the amount spent during the financial year | The manner in which the amount spent is detailed below : |

| Sl. No | CSR project or activity identified | Sector in which the Project is covered | Projects or programs : Local area or other Specify the State and district where projects or programs were undertaken. | Amount outlay (budget) project or programs wise (₹ / Lakhs) | Amount spent on the projects or programs Sub-heads: Direct expenditure on projects or programs Overheads (₹ / Lakhs) | Cumulative Expenditure up to the reporting period (₹ / Lakhs) | Amount Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 1. | Contribution to Cavalry Endowment Fund Trust | For the benefit of veterans servicemen and their families | Delhi | 20.00 | 20.00 | 20.00 | Direct |
| 2. | Construction of Bus Stop / Shed | Rural development | Malpura Village, Haryana | 6.00 | 6.00 | 6.00 | Direct |
| 3. | Services of Computer Teacher | Education | Banipur Village, Haryana | 2.75 | 2.75 | 2.75 | Direct |
| 4. | RO Services | Safe drinking water | Banipur Village, Haryana | 0.18 | 0.18 | 0.18 | Direct |
| 5. | Annual Maintenance of RO | Safe drinking water | Banipur Village, Haryana | 2.61 | 2.61 | 2.61 | Direct |
| 6. | Solar Street Lights | Rural development | Banipur Village, Haryana | 19.34 | 19.34 | 19.34 | Direct |
| 7. | Assistance in identification of CSR Activities | Administrative overheads | Haryana | 2.00 | 2.00 | 2.00 | Direct |
| | **Total CSR Spent** | | | **52.88** | **52.88** | **52.88** | |

The Company considers social responsibility as an integral part of its business activities and endeavors to utilize allocable CSR budget for the benefit of society. JIN's CSR initiatives are on the focus areas approved by the Board benefitting the community with its rural development programs. However, the company has just embarked on the journey of ascertained CSR programs in the area of rural development and some of the projects are in the pipeline and shall be implemented in FY 2019-20. For this reason, during the year, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013. The CSR activities are scalable with few new initiatives that may be considered in future and moving forward the Company will endeavour to spend the complete amount on CSR activities in accordance with the statutory requirements.

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014, do confirm that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the Company.

| | | |
|---|---|---|
| | **Ravi Bhoothalingam** | **Akihiko Kawano** |
| Place : Gurugram | Independent Director [Chairman-CSR Committee] | Managing Director [Member-CSR Committee] |
| Dated : 16 May 2019 | DIN – 00194530 | DIN - 08160588 |

ANNEXURE - III

# FORM AOC-2

**Particulars of contracts / arrangements made with related parties.**

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014]

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013, include certain arm's length transactions under third proviso thereto.

As per Section 188 of the Companies Act, 2013, whenever a Company avails or renders any service directly or through agents amounting to 10% or more of the turnover of the Company or INR 50 crores, whichever is lower, prior approval of the shareholders is required. However, shareholders' approval for the transactions need not to be sought, if the transactions are between the holding company and its wholly owned subsidiaries, whose accounts are consolidated with the holding company and placed for shareholders' approval.

**Details of contracts or arrangements or transactions not at arm's length basis.**

There were no contracts or arrangements or transactions entered into during the year ended 31 March 2019, which were not at arm's length basis.

**Details of material contracts or arrangements or transactions at arm's length basis.**

The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31 March 2019 are as follows :

(INR / Lakhs)

| Sl. No | Name of the Related Party | Nature of Relationship | Duration of Contract | Salient Terms | Amount |
|---|---|---|---|---|---|
| 1 | **JTEKT Corporation** | Holding Company | Not Applicable | Not Applicable | |
| | a) Dividend Paid | | | | 619.11 |
| | b) Guarantee Fee & Purchase of Goods & Receiving of Services & Reimbursements of Expenses Paid | | | | 7274.09 |
| | c) Reimbursement of Expenses Recovered & Sale of Goods | | | | 89.58 |
| | d) Royalty & Technical Support Fee | | | | 3349.75 |
| 2 | **JTEKT Fuji Kiko Automotive India Limited** | Subsidiary | Not Applicable | Not Applicable | |
| | a) Dividend Received | | | | 153.00 |
| | b) Purchase of Fixed Assets & Purchase of Goods & Reimbursement of Expenses Paid | | | | 13056.70 |
| | c) Receiving of Services & Reimbursement of Expenses Recovered & Sale of Fixed Assets & Sale of Goods | | | | 2750.95 |
| 3 | **Maruti Suzuki India Limited** | Other Related Party | Not Applicable | Not Applicable | |
| | a) Cash Discount Paid & Dividend Paid & Reimbursement of Expenses Paid | | | | 73.43 |
| | b) Sale of Goods & Interest Income & Reimbursement of Expenses Recovered | | | | 112932.03 |

For and on behalf of the Board of Directors of
**JTEKT India Limited**
**(Formerly known as Sona Koyo Steering Systems Limited)**

**Hiroshi Ii**
*Chairman*
DIN 08385716

**Akihiko Kawano**
*Managing Director*
DIN 08160588

**Sudhir Chopra**
*Director (Corporate Affairs) and Company Secretary*
DIN 00058148

**Rajiv Chanana**
*Chief Financial Officer*

Place : Gurugram
Date : 17 May 2019

ANNEXURE - IV

# SECRETARIAL AUDIT REPORT

**For the financial year ended on 31 March 2019**

[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,**
**JTEKT India Limited**
**(Formerly Known as Sona Koyo Steering Systems Limited)**
**UGF-6, Indraprakash,**
**21, Barakhamba Road,**
**New Delhi- 110001**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by "**JTEKT India Limited**" (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **JTEKT India Limited's** books, papers, minute 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2019 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.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2019, 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 there under;

iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under;

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   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, 2009;

   d) The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014;

   e) 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.

vi) The Company being in automobile Industry, there is no industry specific law which is applicable to the Company.

We 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 Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

**We 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice has been given to all directors to schedule the Board Meetings during the financial year under review, agenda and detailed notes on agenda were sent properly before the scheduled meeting 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.

All the decisions have been carried unanimously. The members of the Board have not expressed dissenting views on any of the agenda items during the financial year under review.

**We 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.

We further report that, during the audit period, the Company has obtained the approval of Hon'ble National Company Law Tribunal (Principal Bench, New Delhi) for the scheme of amalgamation between JTEKT SONA Automotive India Limited with the Company.

**FOR RANJEET PANDEY & ASSOCIATES**
COMPANY SECRETARIES

Place: New Delhi
Date : 17/05/2019

**CS RANJEET PANDEY**
FCS- 5922, CP No.- 6087

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

**Annexure-I**

**To,**
**The Members,**
**JTEKT India Limited**
**(Formerly Known as Sona Koyo Steering Systems Limited)**
**UGF-6, Indraprakash,**
**21, Barakhamba Road,**
**New Delhi- 110001**

Our report of even date is to be read along with this letter:

1. Management of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of the events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure 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.

**FOR RANJEET PANDEY & ASSOCIATES**
COMPANY SECRETARIES

Place: New Delhi
Date : 17/05/2019

**CS RANJEET PANDEY**
FCS- 5922, CP No.- 6087

ANNEXURE - V

# FORM – A : PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

| Power and Fuel Consumption | | | 2018-2019 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Gururgram[1] | Dharuhera[2] | Chennai[3] | Sanand[4] | Dharuhera- 2[5] | Dharuhera-3[6] | Stamping Unit[7] | Bawal[8] |
| | State Electricity Board | | | | | | | | | |
| 1 | Power Units purchased (KWH) | (Units) | 6365688 | 3817805 | 2535590 | 663200 | 2742860 | 4698912 | 370738 | 2373910 |
| | Total Amount | INR | 53666759 | 31079418 | 21622903 | 4946862.86 | 22136362 | 37796425 | 3281963 | 20310242 |
| | Rate per unit | INR | 8.43 | 8.14 | 8.53 | 7.46 | 8.07 | 8.04 | 8.85 | 8.55 |
| 2 | Captive Generation DG Set (KWH) | (Units) | 340804 | 515573 | 149031 | - | 296740 | 517285 | 6739 | 43948 |
| | Amount | INR | 6359109 | 10513864 | 3317594 | - | 5491538 | 9261501 | 162882 | 1387695 |
| | Rate per unit | INR | 18.66 | 20.39 | 22.27 | - | 18.50 | 17.90 | 24.17 | 31.57 |
| | Fixed Cost | INR | 4992904 | 3732000 | 117624 | - | 2712000 | 2412000 | 88000 | 0 |
| 3 | Diesel consumption | (Litres) | 94401 | 160946 | 48325 | - | 83516 | 148560 | 2464 | 20755 |
| | Total Amount | INR | 6359109 | 10435498 | 3317594 | - | 5508462 | 9261501 | 162882 | 1337175 |
| | Rate per litre | INR | 67.36 | 64.84 | 68.66 | - | 65.96 | 62.34 | 66.10 | 64.42 |
| | Litre per unit | (Litres) | 0.28 | 0.32 | 0.33 | - | 0.28 | 0.29 | 0.36 | 0.47 |
| 4 | Solar Power | (Units) | 237652 | 479924 | 165174 | - | 311070 | 399340 | | 520831 |
| | Total Amount | INR | 1512655 | 2990887 | 1027917 | - | 1930379 | 2450698 | | 1197911 |
| | Rate per unit | INR | 6.37 | 6.23 | 6.23 | - | 6.20 | 6.14 | | 2.30 |

| Power and Fuel Consumption | | | 2017-2018 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Gururgram[1] | Dharuhera[2] | Chennai[3] | Sanand[4] | Dharuhera- 2[5] | Dharuhera-3[6] | Stamping Unit[7] | Bawal[8] |
| | State Electricity Board | | | | | | | | | |
| 1 | Power Units purchased (KWH) | (Units) | 7018746 | 3894823 | 2628060 | 576608 | 2185773 | 4562410 | 382530 | 2560513 |
| | Total Amount | INR | 54537274 | 29138555 | 22387544 | 4553609 | 17141143 | 35989362 | 3409638 | 21064193 |
| | Rate per unit | INR | 7.77 | 7.48 | 8.52 | 7.90 | 7.84 | 7.89 | 8.91 | 8.22 |
| 2 | Captive Generation DG Set (KWH) | (Units) | 209186 | 257392 | 152373 | - | 141832 | 349158 | 14616 | 31081 |
| | Amount | INR | 3506357 | 4375606 | 2703174 | - | 2356796 | 5448071 | 303836 | 785383 |
| | Rate per unit | INR | 16.76 | 17.00 | 17.74 | - | 16.61 | 15.60 | 20.78 | 25.26 |
| | Fixed Cost | INR | 5175960 | 3780560 | 157307 | - | 1876440 | 2424060 | 264880 | 0 |
| 3 | Diesel consumption | (Litres) | 70578 | 81691 | 48196 | - | 44941 | 103135 | 5532 | 15204 |
| | Total Amount | INR | 3506357 | 4291881 | 2703174 | - | 2260856 | 5448071 | 303836 | 747587 |
| | Rate per litre | INR | 49.68 | 52.54 | 56.09 | - | 50.30 | 52.82 | 54.92 | 49.17 |
| | Litre per unit | (Litres) | 0.34 | 0.32 | 0.32 | - | 0.33 | 0.30 | 0.38 | 0.48 |
| 4 | Solar Power | (Units) | 180264 | 419678 | 155192 | - | - | 328300 | 337214 | 355173 |
| | Total Amount | INR | 1114032 | 2572630 | 935890 | - | - | 2045786 | 2035070 | 816898 |
| | Rate per unit | INR | 6.18 | 6.13 | 6.03 | - | - | 6.23 | 6.03 | 2.30 |

1. **Total saving achieved at Gururgram Plant during financial year 2018-19 – INR 0.32 million.**

   Above saving achieved by taking the following initiatives:

   1) Provided LED tube light 16 watt instead of simple tube light 18*2 = 36 watt in plant-2. It gives the saving of INR 0.10 million.
   2) Provided VFD (Variable Frequency Drive) on FDV.. It gives the saving of INR 0.018 million.
   3) Provided energy efficient FDV 1.1 KW instead of 5.5 KW FDV Maintenance office, Heat treatment, Bar cutting, Holding store and canteen. It gives the saving of INR 0.21 million.

2. **Total saving achieved at Dharuhera Plant (1) during financial year 2018-19 – INR 0.14 million.**

   Above saving achieved by taking the following initiatives:

   1) Replace Cooling Tower 02 Nos fan motor with energy efficient motor (saving of INR 0.02 million).
   2) Conversion of CFL Lamps to LED to reduce power consumption of lights (saving of INR 0.03 million).
   3) Replace pump house 3 Nos 3.5 KW pump with 2.2 KW pump (saving of INR 0.03 million).
   4) Reduce air pressure at air guns, eliminate air leakage (saving of INR 0.04 million).
   5) Installations of timers, independent switches for Lights & Fans (saving of INR 0.02 million).

3. **Total saving achieved at Chennai Plant during financial year 2018-19 – INR 0.474 million.**

   Above saving achieved by taking the following initiatives:

   1) In house Solar generation with 98kw PV solar panel - 1.16 lakhs units (savings of INR 0.232 million).
   2) Providing VFD for Blower Motor's in FDV - 18000 units saved (savings of INR 0.162 million).
   3) Conversion of CFL lamps to LED High bay Lamp in FGS area - (Savings of INR 0.050 million).
   4) Stopping the Motor while idle running by changing the PLC programme - (Savings of INR 0.030 million).

4. **Total Saving achieved in Sanand Unit during the financial year 2018-19 – INR 0.074 million.**

   Above saving achieved by taking the following initiatives:

   1) The Unit replaced all Fluorescent Lamps and lights in the Office Area/Plant premises/ Production Office and other areas to LED lighting, leading to a saving of 300 units (INR 0.002 million) in the power cost during the year.
   2) A separate switch was provided on the Welding Machines, leading to efficient utilization of the six cooling fans on the machines, which could be switched off by the operator during ideling of the machines (especially during lunch/tea and bio breaks). This led to a saving of 250 units (INR 0.001 million) during the year.
   3) The Unit invested special efforts to ensure that idle running of all the production machines is minimised leading to a net saving of INR 0.01 million (1250 units) during the year.
   4) The Unit saved 7212 units by re organizing the machines on the line which was used less. This facilitated stopping one of the Forced Draft Ventilation (FDV) in the production area leading to a saving of INR 0.06 million in the year under review.

5. **Total saving achieved at Dharuhera Plant (2) during financial year 2018-19 – INR 0.23 Million**

   Above saving achieved by taking the following initiatives:

   1) Reduce pressure of air compressor 6.0 bar from 5.3 bar (saving of INR 0.18 million).
   2) Motion sensor to be install for exhaust Light in office toilets.(saving of INR 0.0026 million).
   3) Energy saving by install blower 15 KW to 5 KW 01 nos. in ETP/STP. (saving of INR 0.044 million).

6. **Total saving achieved at Dharuhera Plant (3) during financial year 2018-19 – INR 0.33 million.**

   Above saving achieved by taking the following initiatives:

   1) Replacement of PDC plant Mercury lamp of 400 watt to LED light of 150 watt (savings of INR 0.302 million).
   2) Installed LED lights in place of CFL lights in PDC and machining area (saving of INR 0.025 million).
   3) Replacement of 8 nos. of Air guns to coolant gun (saving of INR 0.02 million).

7. **Total saving achieved at Stamping Unit during financial year 2018-19– INR 0.53 million.**

   Above saving achieved by taking the following initiatives:

   1) Main motor connection change from Star–Delta to Star for 250 Ton (one m/c), 160 Ton (two m/c), (saving of INR 0.33 million).
   2) One rented DG removed from Aug-18 by better production planning, (saving of INR 0.20 million).

8. **Total saving achieved at Bawal Unit during financial year 2018-19 – INR 1.06 million.**

   Above saving achieved by taking the following initiatives:

   1) Auto Control of Plant AC with Fan (Electricity Unit saved=58122, INR 0.45 million).
   2) Removal of Stabilizers from Machines (Electricity Unit saved =31033, INR 0.24 million).
   3) Auto Control of Water Cooler (Electricity Unit saved =6296, INR 0.04 million).
   4) Usage of 40CFM Compressor air in ETP/STP (Electricity Unit saved = 5040, INR 0.03 million).
   5) Interfacing of Air Drier with Compressor Running (Electricity Unit saved = 20493, INR 0.15 million).
   6) Auto Control Of Plant Exhaust Fan (Electricity Unit saved = 9762, INR 0.07 million).
   7) Rescheduling of ETP Running Hours (Electricity Unit saved = 7200, INR 0.05 million).
   8) Stoppage of Washroom Motor through Hydro Pneumatic Tank (Electricity Unit saved = 2628, INR 0.02 million).

**Form - B : Particulars with respect to Technology Absorption**

**A. Technology Absorption**

| | | | |
|---|---|---|---|
| 1. | Efforts in brief towards Technology Absorption and Innovation | a) | Development of Rack & Pinion Steering gear with additional feature for elimination of stopper hitting noise for high end vehicle. This hitting Noise generated in conventional design at the end of stroke while turning to extreme left and right turn. |
| | | b) | Development of Collapsible extension shaft on Pinion for R&P HPS Gear. |
| | | c) | Design and development of High Strength R&P MS Gear by strengthening of Rack bar with Heat treatment process keeping same diameter from current level - Completed and Implemented. |
| | | d) | Development of extended length tilt column with 3 Universal Joint system for utility vehicle. |
| 2. | Benefits derived as a results of above efforts e.g. Product Improvement, Cost Reduction, Product Development, Import Substitution etc. | a) | Development of Rack & Pinion Steering gear with additional feature for High end vehicle by eliminating Stopper hitting noise will provide extra comfort to driver. |
| | | b) | Development of collapsible extension shaft for pinion is aimed to improve ENCAP requirement at Vehicle level. |
| | | c) | Development of High Strength Rack bar in MS gear will reduce weight for same strength specification requirement. |
| | | d) | Development of extended shaft with 3 UJ System will reduce Torque fluctuation in utility Vehicle leading to improved driving feel. |
| 3. | Information regarding imported technology (Imported during last three years), if any<br>a) Details of technology imported<br>b) Technology import from<br>c) Year of import<br>d) Whether the technology been fully absorbed<br>e) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof | | Not Applicable |

**B. Research and Development**

| | | | |
|---|---|---|---|
| 1. | Specific areas in which R&D carried out by the Company. | a) | Research and Development activities undertaken to demonstrate improved steering feel for off-road vehicle. |
| | | b) | Development of cost effective functional prototype of electric power steering based on brushed motor for passenger vehicle is in progress. |
| 2. | Benefits derived as a result of the above R&D. | a) | The above R&D initiatives would enable the Company to explore new business opportunities for future growth through technological innovations by developing new concepts and futuristic electro-mechanical products with indigenous technology, designs and patents. |
| 3. | Expenditure on R&D | a) | Capital Expenditure of INR 8.70 lakhs. |
| | | b) | Revenue expenditure of INR 191.13 lakhs. |

**Form - C : Foreign Exchange Earning and Outgo**

During the year the Company's export sales amounted to INR 10524.33 lakhs. Foreign Exchange outflow on account of import of raw material, spares and tools during the year was INR 14873.33 lakhs.

ANNEXURE – VI(a)

# 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. PARTICULARS OF REMUNERATION

The information required under Section 197 of the Act and the Rules made there-under, in respect of employees of the Company, is follows:-

**(a) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;**

| Directors | Ratio to Median Remuneration |
|---|---|
| Mr. Kiyozumi Kamiki, Managing Director * | 5.48 |
| Mr. Sudhir Chopra, Director (Corporate Affairs) | 49.16 |
| Mr. Akihiko Kawano, Managing Director** | 13.96 |

* Mr. Kiyozumi Kamiki was Managing Director up to 30 June 2018

* *Mr. Akihiko Kawano was appointed as Managing Director w.e.f 01 July 2018

**(b) the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year;**

| Name of Person | % Increase in remuneration |
|---|---|
| Mr. Kiyozumi Kamiki, Managing Director | -75.97% |
| Mr. Sudhir Chopra, Director (Corporate Affairs) & Company Secretary | 7.15% |
| Mr. Rajiv Chanana, Chief Financial Officer | 6.32% |

* Mr. Kiyozumi Kamiki was Managing Director up to 30 June 2018

**(c) the percentage increase in the median remuneration of employees in the financial year**

11.12%

**(d) the number of permanent employees on the rolls of Company**

1636

**(e) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

The average increase in cost of employees other than managerial personnel in 2018-19 was 9.78%. Percentage increase (+) / decrease (-) in the managerial remuneration for the year was (4.11%).

**(f) affirmation that the remuneration is as per the remuneration policy of the Company;**

The Company's remuneration policy is driven by the success and performance of the individual employees and the Company. Through its compensation package, the Company endeavours to attract, retain, develop and motivate a high performance staff. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Company affirms remuneration is as per the remuneration policy of the Company.

ANNEXURE – VI(b)

# STATEMENT OF PARTICULARS OF EMPLOYEES

**PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

| Sl. No. | Name | Age (Years) | Designation / Nature of Employment | Remuneration (INR) | Qualification | Experience (Years) | Date of Employment | Last Employment | % of shares held in the Co. | Whether related to any director |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Mr. Sudhir Chopra | 61 | Director Corporate Affairs & Company Secretory (Permanent) | 17,440,655 | B.Com (Hons.), FCS, LL.B. | 41 | 15.05.1993 | Samtel India Limited (Company Secretary) | 0.00% | No |
| 2 | Mr. Naohiro Yoshida | 51 | Plant Manager | 13,554,479 | Graduate | 30 | 26.03.2016 | JTEKT Corporation,Japan | 0.00% | No |
| 3 | Mr. Hiroki Senoo | 36 | Asst. General Manager Cost Control | 13,321,578 | Graduation Economics -2004 | 10 | 16.11.2015 | JTEKT Corporation,Japan | 0.00% | No |
| 4 | Mr. Hiroyuki Shimode | 41 | Deputy General Manager (Product Design) | 11,037,201 | B.Tech (Mechanical)-2000 | 14 | 31.07.2014 | JTEKT Corporation,Japan | 0.00% | No |
| 5 | Mr. Dinesh Kumar Agarwal | 46 | Sr. Vice President - Corporate Taxation (Permanent) | 9,984,257 | B.Com, FCA. | 23 | 05.01.2017 | Sona Management Services Ltd. (Sr. VP Corporate Tax) | 0.00% | No |
| 6 | Mr. Rajiv Chanana | 53 | Chief Financial officer (Permanent) | 9,120,632 | B.Com, FCA. | 29 | 25.03.2009 | Deutsche Post Bank Home Finance Ltd (VP - Treasury) | 0.00% | No |
| 7 | Mr. Rakesh Kumar Gaind | 60 | Sr. Vice President - Supply Chain & Production Administration (Permanent) | 9,011,138 | Diploma in Material Management B.Com | 36 | 18.04.2016 | Sona Blw Precision Forge, Inc.,USA (Chief Operating Officer) | 0.00% | No |
| 8 | Mr. A.D.Rao | 59 | Sr. Vice President - Process Engineering & Production (Permanent) | 8,590,897 | M.Sc (H) & B Tech (Dual Degree) | 32 | 16.02.1987 | Machine Tools P Ltd (Design Engineer) | 0.00% | No |
| 9 | Mr. Neeraj Mahajan | 50 | Sr. Vice President - Marketing (Permanent) | 7,586,732 | MBA + Diploma (Tool & Die) | 29 | 01.12.2017 | Genavoc LLC, Dubai | 0.00% | No |
| 10 | Mr. Subramanian Ganesh Iyer * | 58 | President - General Affairs (Permanent) | 7,478,066 | B.Com, CA (Inter) | 27 | 16.02.2015 | Sona Koyo Steering Systems Limited (Asst. VP Cost Control) | 0.00% | No |

**Notes :**

* Indicated earnings for part of the financial year 2018-19

Remuneration received includes salary, allowances, commission, payment in respect of rent / furnished accommodation, Company's contribution to provident fund and superannuation fund,LTA.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF JTEKT INDIA LIMITED ('FORMERLY KNOWN AS SONA KOYO STEERING SYSTEMS LIMITED)

**Report on the Audit of the Standalone Financial Statements**

**1. Opinion**

We have audited the Standalone Financial Statements of JTEKT India Limited ('formerly known as Sona Koyo Steering Systems Limited) ("the Company"), which comprise the Standalone Balance Sheet as at 31 March 2019, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of the significant accounting policies and other explanatory information (together referred to as "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 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019 and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**2. Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**3. Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

**Revenue Recognition**

**See note 2.3 (h) to the Standalone Financial statements**

| Key Audit Matter Description | How the matter was addressed |
|---|---|
| As disclosed in Note 23 and 24 to the Standalone Financial Statements, the Company's revenue from operations for the year ended 31 March 2019 was INR 178,566.74 Lacs (Previous year 157,211.04).<br><br>Revenue is significant to the Standalone Financial Statements and is considered as one of the key performance indicators of the Company. There may be risks of material misstatements related to revenue recognition due to which the completeness, existence and accuracy of revenue recognition is identified as a key audit matter. | In view of the significance of the matter, we applied the following audit procedures in this area, amongst others to obtain sufficient and appropriate audit evidence:<br><br>• Obtained an understanding and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;<br>• On a sample basis, making selections from sales entries and tracing to their contracts, invoices, delivery challans and goods outward register;<br>• Trade receivables outstanding at the year end. Selecting a sample of trade receivables and assessing their recoverability with reference to post year end remittances;<br>• Selecting a sample of transactions recorded during the year and assessing whether revenue has been recognised in the correct period with reference to supporting invoices, terms and conditions with customers and remittances; and<br>• Assessing the appropriateness of unbilled revenue as at the year end with reference to post year end billings and remittances. |

<table>
<tr><td colspan="2">Accounting for Business Combination<br>See note 37 to the Standalone Financial Statements</td></tr>
<tr><td>Key Audit Matter Description</td><td>How the matter was addressed</td></tr>
<tr><td>During the year, the National Company Law Tribunal, New Delhi ('NCLT') approved the amalgamation of Company's associate, JTEKT Sona Automotive India Limited ('JSAI') with the Company with effect from the appointed date, i.e., 1 April 2018.<br><br>We identified the accounting of the business combination as a key audit matter because the accounting of such arrangement is complex and involves judgement and assumptions used in determining the accounting thereof.</td><td>With respect to the accounting treatment for Business Combination, we have performed the following procedures:<br>• Obtained and examined the Scheme of Amalgamation;<br>• Obtained accounting analysis of the Business Combination from Management and reviewed the same in light of the Company's accounting policies and applicable accounting standards;<br>• Performed audit procedures on accounting entries of the transaction; and<br>• Assessed the appropriateness and adequacy of the related disclosures in the Standalone Financial Statements.</td></tr>
<tr><td colspan="2">New ERP Environment</td></tr>
<tr><td>Key Audit Matter Description</td><td>How the matter was addressed</td></tr>
<tr><td>During the year, the Company has upgraded to a new ERP system. The implementation introduced heightened risk as controls and processes that have been established and embedded over a number of years were updated and migrated into the new environment.<br><br>There was an increased risk of breakdown in internal financial controls during the transition and an increased risk of inaccurate or incomplete migration of financial data, which in turn increased the risk of material misstatements in the Company financial statements.</td><td>In view of the significance of the matter, we applied the following audit procedures in this area, amongst others to obtain sufficient appropriate audit evidence:<br>• Obtained an understanding of management's project governance and data migration plan;<br>• We have involved our internal Subject Matter Expert in evaluating certain controls over the migration and go-live processes, IT general controls and automated controls within the new environment; and<br>• We also independently verified the migration of data for a sample of general ledger, sub-level and transaction level items.</td></tr>
</table>

**4. Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**5. Management's Responsibility for the Standalone Financial Statements**

The Company's management and Board of Directors are 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 state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 and Board of Directors are 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.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

**6. 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 control 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 with reference to financial statements 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.

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 auditors' 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.

**7. Other Matters**

We draw attention to note 37 of the Standalone Financial Statements which describes in detail that the Scheme of Arrangement ('Scheme') for merger of Company's associate, JTEKT Sona Automotive India Limited ('JSAI') with the Company has been approved by the New Delhi Bench of National Company Law Tribunal ('NCLT') vide its order dated 7 March 2019. The Scheme is effective from the appointed date of 1 April 2018, and the merger being a common control business combination, the comparative have been re-presented to record the merger from 22 June 2017 (i.e. the date when JTEKT Corporation, Japan acquired control over the Company). Accordingly, figures of JSAI has been included in all the periods presented in the Standalone Financial Statement. Our opinion is not modified in respect of this matter.

**8. Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a

statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the 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 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 38 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) The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm's Registration No. :101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership No. :095109

Place: Gurugram
Date: 17 May 2019

## ANNEXURE A REFERRED TO IN OUR INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JTEKT INDIA LIMITED ('FORMERLY KNOWN AS SONA KOYO STEERING SYSTEMS LIMITED) ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019.

(i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment).

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets (property, plant and equipment excluding plant and machinery) are verified every year and plant and machinery are verified, in a phased manner, over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain plant and machinery and all other category of fixed assets have been physically verified by the management during the year. As informed to us, no material discrepancies were noticed on such verification.

(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 the immovable property is held in the name of the Company, except for:

| Situation of immovable property | Nature of immovable property | Gross block as at 31 March 2019 (Rs. In Lakhs) | Net block as at 31 March 2019 (Rs. In Lakhs) | Remarks |
|---|---|---|---|---|
| Haryana | Freehold Land | 1,120.69 | 1,120.69 | The deed of conveyance is in the name of the erstwhile Jtekt Sona Automotive India Limited, an associate company, which had amalgamated with the Company during the current year (refer note 37) and the mutation of name is pending |
| Haryana | Building | 2,457.63 | 2,137.28 | |

(ii) According to the information and explanations given to us, the inventories, except good-in-transit and stock lying with third parties, have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its business. For stocks lying with third parties as at the year-end, written confirmation have been obtained. As informed to us, the discrepancies noticed on comparison of physical verification of inventories with book records were not material and have been properly dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable.

(iv) According to information and explanations given to us and on the basis of our examination of records, we are of the opinion that the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of investments made by the Company. There are no loans, guarantees and securities provided by the Company as specified under section 185 and 186 of the Companies Act, 2013.

(v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, para 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for the goods manufactured by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and Services Tax ('GST'), Duty of customs, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income-tax, GST, Service tax, Duty of excise, Sales tax, Value added tax, Duty of customs and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

The Company does not have liability in respect of service tax, duty of excise, sales tax and value added tax since effective 1 July 2017, these statutory dues has been subsumed into GST.

Also refer note 38, wherein, it is explained that on account of the uncertainty with respect to the applicability of the Hon'ble Supreme Court Judgement on the provident fund matter, management has not recognized and deposited any additional provident fund amount with respect to the current and previous years.

(b) According to the information and explanations given to us, there are no dues of Income-tax, GST and Duty of customs which have not been deposited with the appropriate authorities on account of any dispute except for the following:

| Name of the Statute | Nature of dues | Financial year to which amount relates | Forum where dispute is pending | Amount (Rs. in Lacs) | Amount paid under protest (Rs. in Lakhs) |
|---|---|---|---|---|---|
| The Finance Act, 1994 | Service Tax | 2009-10 | Commissioner of Appeals (Service Tax) | 7.32 | - |
| Central Excise Act, 1944 | Excise Duty | 2007-08 & 2008-09 | Commissioner of Appeals (Central Excise) | 5.23 | - |
| Central Excise Act, 1944 | Excise Duty | 2008-09 | CESTAT, Chennai (Central Excise) | 116.57 | 2.36 |
| Central Excise Act, 1944 | Excise Duty | 2007-08 to 2011-12 | CESTAT, New Delhi (Central Excise) | 369.46 | 8.36 |
| Central Excise Act, 1944 | Excise Duty | 2010-11 | Commissioner of Appeals (Central Excise) | 0.50 | - |
| Income Tax Act, 1961 | Disallowance under Section 14A | 2014-15 | Commissioner of Appeals (Income Tax) | 49.91 | 49.91 |
| Customs Act | Custom Duty | 2016-17 & 2017-18 | CESTAT – Customs | 260.75 | 260.75 |

(viii) According to the information and explanations given to us, there is no default existing at the balance sheet date in repayment of loans or borrowings to banks. The Company did not have any outstanding debentures, or loans or borrowings from government during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Based on our audit procedures and according to information and explanations given by the management, the term loans were applied for the purpose for which they were obtained.

(x) According to the information and explanations given to us, no material fraud by the Company and neither any material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with the provisions of Section 197 read with Schedule V of the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanation given to us and on the basis of our examination of the records of the Company, all the transactions with related parties are in compliance with the provisions of Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year (also refer to note no 37). Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or person connected with him as referred to in Section 192 of the Companies Act, 2013. Accordingly, paragraph 3 (xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable.

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm's Registration No. :101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership No. :095109

Place: Gurugram
Date: 17 May 2019

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF JTEKT INDIA LIMITED ('FORMERLY KNOWN AS SONA KOYO STEERING SYSTEMS LIMITED) FOR THE PERIOD ENDED 31 MARCH 2019.

**Report on the internal financial controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph (8 (1)(A)(f)) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### Opinion

We have audited the internal financial controls with reference to financial statements of JTEKT India Limited ('formerly known as Sona Koyo Steering Systems Limited) ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 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 (hereinafter referred to as "the Act").

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 Company's internal financial controls with reference to financial statements.

### Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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.

**Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm's Registration No. :101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership No. :095109

Place: Gurugram
Date: 17 May 2019

# STANDALONE BALANCE SHEET
## AS AT 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Particulars | Notes | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3A | 43,861.85 | 46,399.00 |
| Capital work-in-progress | 3A | 876.94 | 1,953.95 |
| Intangible assets | 3B | 5,607.68 | 5,175.64 |
| Intangible assets under development | 3B | 55.20 | 367.37 |
| Financial assets | | | |
| (i) Investments | 4 | 510.00 | 510.00 |
| (ii) Loans | 5 | 315.04 | 174.51 |
| (iii) Other financial assets | 6 | 40.31 | 33.21 |
| Income tax assets | 7 | 569.15 | 673.48 |
| Other non-current assets | 8 | 112.84 | 393.21 |
| **Total non-current assets** | | **51,949.01** | **55,680.37** |
| **Current assets** | | | |
| Inventories | 9 | 10,445.47 | 9,345.73 |
| Financial assets | | | |
| (i) Trade receivables | 10 | 27,093.33 | 26,158.78 |
| (ii) Cash and cash equivalents | 11 | 11,221.13 | 379.19 |
| (iii) Other bank balances | 12 | 156.72 | 7,680.00 |
| (iv) Loans | 5 | 132.51 | 96.13 |
| (v) Other financial assets | 6 | 798.93 | 484.75 |
| Other current assets | 13 | 1,556.64 | 1,162.14 |
| **Total current assets** | | **51,404.73** | **45,306.72** |
| **Total assets** | | **103,353.74** | **100,987.09** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 14 | 2,444.80 | 1,987.42 |
| Other equity | 15 | 54,879.35 | 50,875.97 |
| **Total equity** | | **57,324.15** | **52,863.39** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 16A | 4,744.93 | 9,851.15 |
| (ii) Other financial liabilities | 17 | - | 48.40 |
| Provisions | 18 | 862.40 | 858.61 |
| Deferred tax liabilities (net) | 19 | 884.23 | 1,195.73 |
| **Total non-current liabilities** | | **6,491.56** | **11,953.89** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 16B | 8,887.62 | 7,416.66 |
| (ii) Trade payables | 20 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 247.34 | 188.35 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 20,882.57 | 18,266.51 |
| (iii) Other financial liabilities | 17 | 7,143.65 | 8,485.56 |
| Provisions | 18 | 491.64 | 391.76 |
| Other current liabilities | 21 | 1,796.71 | 961.04 |
| Income tax liabilities | 22 | 88.50 | 459.93 |
| **Total current liabilities** | | **39,538.03** | **36,169.81** |
| **Total liabilities** | | **46,029.59** | **48,123.70** |
| **Total equity and liabilities** | | **103,353.74** | **100,987.09** |
| Significant accounting policies | 2 | | |

The accompanying notes are an integral part of these Standalone Financial Statements.

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm Registration no. : 101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership no. : 095109

Place : Gurugram
Date : 17 May 2019

For and on behalf of the Board of Directors of
**JTEKT India Limited**
**(Formerly known as Sona Koyo Steering Systems Limited)**

**Hiroshi Ii**
*Chairman*
DIN 08385716

**Akihiko Kawano**
*Managing Director*
DIN 08160588

**Sudhir Chopra**
*Director (Corporate Affairs) and Company Secretary*
DIN 00058148

**Rajiv Chanana**
*Chief Financial Officer*

Place : Gurugram
Date : 17 May 2019

# STANDALONE STATEMENT OF PROFIT AND LOSS

## FOR THE PERIOD ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Particulars | Notes | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 23 | 177,309.34 | 156,528.05 |
| Other income | 24 | 1,257.40 | 682.99 |
| **Total income (I)** | | **178,566.74** | **157,211.04** |
| **Expenses** | | | |
| Cost of raw materials and components consumed | 25 | 117,847.31 | 97,466.23 |
| Purchases of stock-in-trade | 26 | 3,442.26 | 4,094.68 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 27 | 148.88 | 216.95 |
| Excise duty on sale of goods | | - | 3,994.33 |
| Employee benefit expenses | 28 | 18,355.75 | 16,806.96 |
| Finance costs | 29 | 1,551.81 | 2,132.93 |
| Depreciation and amortisation expense | 30 | 9,060.00 | 9,194.63 |
| Other expenses | 31 | 17,430.86 | 14,440.61 |
| **Total expenses (II)** | | **167,836.87** | **148,347.32** |
| **Profit before tax (III = I - II)** | | **10,729.87** | **8,863.72** |
| **Tax expenses** | | | |
| - Current tax | | 4,178.53 | 4,040.56 |
| - Deferred tax credit | | (305.05) | (927.08) |
| **Total tax expenses (IV)** | 32 | **3,873.48** | **3,113.48** |
| **Profit for the year (V = III - IV)** | | **6,856.39** | **5,750.24** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Re-measurement loss on defined benefit plans | | (164.55) | (50.94) |
| Income tax relating to the above | | 57.50 | 18.76 |
| **Items that will be reclassified to profit or loss** | | | |
| Effective portion of gain/(loss) on cash flow hedge instruments | | 146.07 | (169.73) |
| Income tax relating to above | | (51.04) | 59.37 |
| **Total other comprehensive income for the year (net of tax) (VI)** | | **(12.02)** | **(142.54)** |
| **Total comprehensive income for the year (VII = V - VI) (Comprising Profit and Other Comprehensive Income for the year)** | | **6,844.37** | **5,607.70** |
| Earnings per equity share : | 33 | | |
| Basic - Par value of INR 1 per share | | 2.80 | 2.46 |
| Diluted - Par value of INR 1 per share | | 2.80 | 2.46 |
| Significant accounting policies | 2 | | |

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm Registration no. : 101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership no. : 095109

Place : Gurugram
Date : 17 May 2019

For and on behalf of the Board of Directors of
**JTEKT India Limited**
**(Formerly known as Sona Koyo Steering Systems Limited)**

**Hiroshi Ii**
*Chairman*
DIN 08385716

**Akihiko Kawano**
*Managing Director*
DIN 08160588

**Sudhir Chopra**
*Director (Corporate Affairs) and Company Secretary*
DIN 00058148

**Rajiv Chanana**
*Chief Financial Officer*

Place : Gurugram
Date : 17 May 2019

# STANDALONE STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### A. Equity share capital

| Particulars | Note | Equity Shares | |
|---|---|---|---|
| | | No. of shares in Lakhs | Amount |
| **Balance as at 1 April 2018** | 14 | **1,987.42** | **1,987.42** |
| Issued during the year* | | 457.38 | 457.38 |
| **Balance as at 31 March 2019** | | **2,444.80** | **2,444.80** |

### B. Other equity

| Particulars | Reserves and surplus | | | | | Items of other comprehensive income | | Total |
|---|---|---|---|---|---|---|---|---|
| | Securities Premium | General reserve | Capital reserve* | Share pending issuance* | Retained earnings | Remeasurement of employee benefit obligations | Effective portion of cash flow hedges | |
| **Balance as at 31 March 2017** | **8,070.76** | **8,190.71** | **0.43** | **-** | **11,609.61** | **-** | **-** | **27,871.51** |
| Profit for the year | - | - | - | - | 5,750.24 | - | - | 5,750.24 |
| Other comprehensive income (net of tax) | - | - | - | - | - | (32.18) | (110.36) | (142.54) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **5,750.24** | **(32.18)** | **(110.36)** | **5,607.70** |
| **Transferred to retained earnings** | **-** | **-** | **-** | **-** | **(32.18)** | **32.18** | **-** | **-** |
| Additions through business combination under common control* | - | - | 2,433.80 | 457.38 | 15,693.92 | - | - | 18,585.10 |
| Contribution by and distribution to owner | | | | | | | | |
| Dividend on equity shares | - | - | - | - | (993.82) | - | - | (993.82) |
| Dividend Distribution Tax (DDT) - refer note 1 | - | - | - | - | (194.52) | - | - | (194.52) |
| **Balance as at 31 March 2018** | **8,070.76** | **8,190.71** | **2,434.23** | **457.39** | **31,833.25** | **-** | **(110.36)** | **50,875.97** |
| Profit for the year | - | - | - | - | 6,856.39 | - | - | 6,856.39 |
| Other comprehensive income (net of tax) | - | - | - | - | - | (107.05) | 95.03 | (12.02) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **6,856.39** | **(107.05)** | **95.03** | **6844.37** |
| **Transferred to retained earnings** | **-** | **-** | **-** | **-** | **(107.05)** | **107.05** | **-** | **-** |
| Deletion during the year | - | - | - | (457.38) | - | - | - | (457.38) |
| Contribution by and distribution to owner | | | | | | | | |
| Dividend on equity shares | - | - | - | - | (1,861.18) | - | - | (1,861.18) |
| Dividend distribution tax (DDT) - refer note - 1 | - | - | - | - | (522.43) | - | - | (522.43) |
| **Balance as at 31 March 2019** | **8,070.76** | **8,190.71** | **2,434.23** | **-** | **36,198.98** | **-** | **(15.33)** | **54,879.35** |

**Notes:**

1. During the year ended 31 March 2019 and 31 March 2018, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. DDT represents additional payment to taxation authorities on behalf of the shareholders. Hence DDT paid is charged to equity.
2. Refer note 15 for nature and purpose of other equity.

* Refer note 37

The accompanying notes are an integral part of these Standalone Financial Statements.

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm Registration no. : 101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership no. : 095109

Place : Gurugram
Date : 17 May 2019

For and on behalf of the Board of Directors of
**JTEKT India Limited**
**(Formerly known as Sona Koyo Steering Systems Limited)**

**Hiroshi Ii**
*Chairman*
DIN 08385716

**Akihiko Kawano**
*Managing Director*
DIN 08160588

**Sudhir Chopra**
*Director (Corporate Affairs) and Company Secretary*
DIN 00058148

**Rajiv Chanana**
*Chief Financial Officer*

Place : Gurugram
Date : 17 May 2019

# STANDALONE STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| | Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|---|
| **A** | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| **1** | **Profit before tax** | **10,729.87** | **8,863.72** |
| **2** | **Adjustments for:** | | |
| | Depreciation and amortisation expense | 9,060.00 | 9,194.63 |
| | Dividend income | (153.00) | (38.25) |
| | Interest income | (728.19) | (403.77) |
| | Gain on disposal of property, plant and equipment (net) | (22.96) | (58.62) |
| | Provision on obsolescence of inventory | 39.71 | 285.59 |
| | Interest expenses | 1,517.41 | 2,075.46 |
| | Unrealized foreign exchange gain | (134.03) | (70.95) |
| **3** | **Operating profit before working capital changes ( 1+2)** | **20,308.81** | **19,847.81** |
| **4** | **Movement in working capital** | | |
| | (Increase) / decrease in loans | (176.91) | 9.22 |
| | (Increase) / decrease in inventories | (1,139.45) | 1,109.18 |
| | (Increase) / decrease in other financial assets | (357.81) | 7,971.65 |
| | Decrease in other assets | 199.51 | 2,387.45 |
| | (Increase) in trade receivables | (972.63) | (6,594.06) |
| | Decrease in other financial liabilities | (203.92) | (1,024.17) |
| | Increase / (Decrease) in other liabilities | 881.29 | (260.08) |
| | Increase / (Decrease) in trade payables | 2,943.20 | (2,929.22) |
| | Decrease in provision | (60.88) | (112.85) |
| **5** | **Cash generated from operating activities (3+4)** | **21,421.21** | **20,404.93** |
| 6 | Income tax paid (net of refunds) | (4,445.62) | (3,980.65) |
| **7** | **Net cash flow from operating activities (5-6)** | **16,975.59** | **16,424.28** |
| **B** | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Purchase of property, plant and equipment | (5,071.33) | (4,252.36) |
| | Proceeds from property, plant and equipment | 523.96 | 574.22 |
| | Purchase of intangible assets | (1,752.81) | (866.92) |
| | Proceeds from redemption of deposit with maturity after 12 months from the reporting date | 7,606.90 | (7,706.51) |
| | Proceeds from sale of investment | - | 85.34 |
| | Dividend received | 153.00 | 38.25 |
| | Interest received | 728.19 | 403.77 |
| | **Net cash used in investing activities** | **2,187.91** | **(11,724.21)** |
| **C** | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Proceeds from long-term borrowings | - | 2,736.14 |
| | Repayment of long term borrowings | (5,861.21) | (5,974.22) |
| | Proceeds / (repayment) of short-term borrowings (net) | 1,470.96 | 1,532.70 |
| | Dividend paid (including dividend distribution tax) | (2,383.61) | (1,188.34) |
| | Interest paid | (1,547.70) | (2,102.01) |
| | **Net cash used in financing activities** | **(8,321.56)** | **(4,995.73)** |
| **D** | **Decrease in cash and cash equivalents (A+B+C)** | **10,841.94** | **(295.66)** |
| | Cash and cash equivalents at the beginning of the year | 379.19 | 257.54 |
| | Cash and cash equivalents acquired on account of business combination* | - | 417.31 |
| | **Cash and cash equivalents at the end of the year** | **11,221.13** | **379.19** |

# STANDALONE STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **Cash and cash equivalents include :** | | |
| Balances with banks: | | |
| – In current accounts | 402.51 | 150.11 |
| – In dividend accounts# | 230.91 | 221.46 |
| Bank deposits with original maturity less than 3 months | 10,578.00 | - |
| Cash on hand | 9.71 | 7.62 |
| **Cash and cash equivalents at the end of the year** | **11,221.13** | **379.19** |
| # INR 230.91 lakhs ( 31 March 18 : INR 221.46 lakhs ) has restricted use. | | |

**Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities:**

| Particulars | Non current borrowings** | Current borrowings |
|---|---|---|
| **Opening balance as at 1 April 2018** | **15,802.27** | **7,416.66** |
| Add: non-cash changes due to | | |
| - Mark to market on foreign contracts | (9.57) | - |
| - Others | 19.16 | - |
| Add : cash inflows during the year | - | 1,470.96 |
| Less: cash outflows during the year (including interest) | (5,861.21) | - |
| **Closing balance as at 31 March 2019** | **9,950.65** | **8,887.62** |

**Includes current maturities of non-current borrowings, refer note 17.

**Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities:**

| Particulars | Non current borrowings** | Current borrowings |
|---|---|---|
| **Opening balance as at 1 April 2017** | **18,664.57** | **5,883.96** |
| Add: non-cash changes due to | | |
| - Mark to market on foreign contracts | 86.08 | |
| - Others | 17.87 | |
| Add : cash inflows during the year | 3,703.69 | 4,180.21 |
| Less: cash outflows during the year | (6,669.94) | (2,647.51) |
| **Closing balance as at 31 March 2018** | **15,802.27** | **7,416.66** |

**Includes current maturities of non-current borrowings, refer note 17.

**Notes:**

1. The standalone cash flow statement has been prepared in accordance with "Indirect Method" as set out in Indian Accounting Standard -7 on "Statement on Cash Flows ".
2. Refer note 2 for significant accounting policies.
3. The Company paid in cash INR 52.88 lakhs for the year ended 31 March 2019 and INR 66.17 lakhs for the year ended 31 March 2018 towards Corporate Social Responsibility (CSR) expenditure (refer note 35).

The accompanying notes are an integral part of these Standalone Financial Statements.

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm Registration no. : 101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership no. : 095109

Place : Gurugram
Date : 17 May 2019

For and on behalf of the Board of Directors of
**JTEKT India Limited**
**(Formerly known as Sona Koyo Steering Systems Limited)**

**Hiroshi Ii**
*Chairman*
DIN 08385716

**Akihiko Kawano**
*Managing Director*
DIN 08160588

**Sudhir Chopra**
*Director (Corporate Affairs) and Company Secretary*
DIN 00058148

**Rajiv Chanana**
*Chief Financial Officer*

Place : Gurugram
Date : 17 May 2019

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**1. Corporate Information**

JTEKT India Limited (formerly known as Sona Koyo Steering Systems Limited) ("the Company") is a public limited company incorporated and domiciled in India and having its registered office at UGF-6, Indraprakash 21, Barakhamba Road, New Delhi, 110001. The Company's name got changed via Certificate of Incorporation dated 7 April 2018 received from the Registrar of Companies, New Delhi. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. The Company is engaged in the business of manufacturing steering systems & other auto components for the passenger car and utility vehicle manufacturers in the automobile sector.

The Scheme of Amalgamation (The Scheme) for amalgamation of Company's associate, JTEKT Sona Automotive India Limited ('JSAI') with the Company has been approved by the Principal Bench of National Company Law Tribunal, New Delhi and on completion of the required formalities on 16 March 2019, the Scheme has become effective from the appointed date, i.e., 1 April 2018. The amalgamation has been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combinations' and comparatives have been re-presented for amalgamation with effect from 22 June 2017 (i.e. the date when JTEKT Corporation, Japan acquired control over the Company). Accordingly, figures of JSAI have been included in all the periods of the Standalone Financial Statements presented and therefore, the figures for Standalone Financial Statements for the year ended 31 March 2019 are not comparable with the re-presented Standalone Financial Statements for the previous year ended 31 March 2018 due to the amalgamation being carried out effective from 22 June 2017 in accordance with Ind AS 103.

Refer note 37 for detailed information on accounting for merger.

**2. Significant accounting policies and Basis of preparation**

**2.1 Basis of preparation**

*(i) Statement of compliance*

These Standalone Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, ("the Act"), Companies (Indian Accounting Standards) Rules as amended from time to time and other relevant provisions of the Act.

Effective 1 April 2016, the Company transitioned to Ind AS while the Financial Statements were being prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (previous GAAP) till 31 March 2017 and the transition was carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". While carrying out transition, in addition to the mandatory exemptions, the Company had elected to avail certain exemption which are listed as below:

**a) Deemed cost exemption on Property, Plant and Equipment**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their Previous GAAP carrying value.

**b) Investment in subsidiaries and associates:**

The Company has elected to continue with the carrying value of all of its investments in subsidiary and associates recognised as of 1 April 2016 (transition date) measured as per the Previous GAAP as its deemed cost as at the date of transition.

**c) Leases:**

Appendix C to the Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with the Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to avail of the above exemption.

The Standalone Financial Statements of the Company for the year ended 31 March 2019 are approved by the Company's Audit Committee on 16 May 2019 and by the Board of Directors on 17 May 2019.

*(ii) Functional and presentation currency*

These Standalone Financial Statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

*(iii) Basis of measurement*

The Standalone Financial Statements have been prepared on the historical cost basis except for the following items which have been measured at fair value amount –

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Items | Measurement basis |
| --- | --- |
| Certain financial assets and financial liability (including derivative instrument) | Fair value |
| Net defined benefit plan (asset)/ liability | Fair value of plan assets less present value of defined benefit obligation. |

(iv) *Use of estimates and judgements*

In preparation of these Standalone Financial Statements, management has made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized prospectively. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Standalone Financial Statements is included in the following notes.

Judgements

- Lease classification – Note 41

Estimates

- Recognition and estimation of tax expense including deferred tax– Note 32
- Estimated impairment of financial assets and non-financial assets – Note 2.3(e) and (n)
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2.3(a) and (b)
- Estimation of obligations relating to employee benefits:key actuarial assumptions – Note 39
- Valuation of Inventories – Note 2.3(f)
- Recognition and measurement of provision and contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 38
- Fair value measurement – Note 2.1(vi)

(v) *Current versus non-current classification*

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

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

*(vi) Measurement of fair values*

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's audit committee.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 47 – Financial instrument.

### 2.2 Changes in significant accounting policies

The Company has initially applied Ind AS 115 from 1 April 2018.

Due to the transition methods chosen by the Company in applying the above standard, comparative information throughout these Standalone Financial Statements has not been restated to reflect the requirements of the new standard.

There is no significant impact of transition from Ind AS 18 to Ind AS 115 in recognizing revenue by the Company.

Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced Ind AS 18 Revenue Recognition, Ind AS 11 Construction Contracts and related interpretations. Under Ind AS 115, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

The Company has adopted Ind AS 115 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 April 2018). Accordingly, the information presented for 2017-18 has not been restated – i.e. it is presented, as previously reported, under Ind AS 18, Ind AS 11 and related interpretations. Additionally, the disclosure requirements in Ind AS 115 have not generally been applied to comparative information.

### 2.3 Summary of significant accounting policies

**a) Property, plant and equipment**

***Recognition and measurement***

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, import duties and non-refundable purchase taxes, duties or levies, after deducting trade discounts and rebates, any other directly attributable cost of bringing the asset to its working condition for

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

its intended use and estimated cost of dismantling and removing the items and restoring the site on which it is located. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to note 2.1 (iv) regarding significant accounting judgements, estimates and assumptions.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognized.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

A property, plant and equipment is eliminated from the Standalone Financial Statements on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or losses arising disposal of property, plant and equipment is recognized in the Statement of Profit and Loss.

Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

***Subsequent expenditure***

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

***Depreciation***

Depreciation on property, plant and equipment is calculated on a straight-line basis to allocate their cost, net of their estimated residual values, over the estimated useful lives and is recognized in the Statement of Profit and Loss. The identified components are depreciated over their useful life, the remaining asset is depreciated over the life of the principal asset. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The Company has used the following rates to provide depreciation which coincides with the rates indicated in Schedule II of the Act on its property, plant and equipment, except for vehicles.

| Asset category | Management estimate of useful life (in years) |
|---|---|
| Factory buildings | 30 |
| Roads | 5 |
| Sheds | 3 |
| Plant and machinery | 4-15 |
| Furniture and fixtures | 10 |
| Jigs and fixtures | 10 |
| Office equipment | 5 |
| Vehicles | 5.3 |
| Electrical installations | 10 |
| IT equipment | 6 |
| Computers | 3 |
| Tools and dies | 4 |

The management has estimated, supported by independent assessment by technical experts, professionals, the useful lives of the following classes of assets:

- The useful life of vehicles is estimated as 5.3 years, which is lower than those indicated in Schedule II.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

**b) Intangible assets**

***Recognition and initial measurement***

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an item of intangible asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of Profit and Loss in the period in which the expenditure is incurred.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss.

***Subsequent measurement***

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

***Amortization***

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

***- Software***

Software purchased by the Company are amortized on a straight line basis in six years.

***- New product development***

Amounts paid towards technical know-how fees and other expenses for specifically identified projects/products being development expenditure is carried forward based on assessment of benefits arising from such expenditure. Such expenditure is amortized over the period of expected future sales from the related product, i.e. the estimated period of 6 years on straight line basis based on past trends, commencing from the month of commencement of commercial production.

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

Amortization method, useful lives and residual lives are reviewed at the end of each financial year and adjusted, if appropriate.

**c) Leases**

*(i) Determining whether an arrangement contains a lease*

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the incremental borrowing rate.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

*(ii) Assets held under lease*

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Contingent rentals are recognized as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Subsequent to the initial recognition, the assets are accounted for in accordance with the accounting policies applicable to similar owned assets. Assets held under leases that do not transfer to the Company substantially all the risk and rewards of ownership (i.e. operating lease) are not recognized in the Company's Balance Sheet.

*(iii) Lease payments*

Payments made under operating leases are generally recognized in the profit or loss on a straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase. Lease incentive received are recognized as an integral part of the total lease expense over the term of the lease.

Payments made under finance lease are allocated between the outstanding liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**d) Borrowing Costs**

Borrowing cost includes interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs), amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred.

**e) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

An asset's recoverable amount is the higher of an individual asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses, if any, are recognized in the Statement of Profit and Loss. Impairment losses of continuing operations, including impairment on inventories, are recognized in the Statement of Profit and Loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

In regard to assets for which impairment loss has been recognized in prior period, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**f) Inventories**

Inventories which includes raw materials, components, stores, work in progress, finished goods and spares are valued at the lower of cost and net realizable value. However, raw materials, components and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost or in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and components: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of raw material, components, stores and spares is determined on weighted average basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value of work-in-progress is determined with reference to the selling prices of related finished products.

The comparison of cost and net realizable value is made on an item-by-item basis.

**g) Foreign currency transactions**

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rates at the date the transaction first qualifies for recognition or an average rate if the average rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or the Statement of Profit and Loss are also recognized in OCI or the Statement of Profit and Loss, respectively).

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**h) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

However, sales tax/ value added tax (VAT)/ Goods and Services Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognized.

Effective 1 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the Standalone Statement of Profit and Loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18. Refer note 2.3 (h) – Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended 31 March 2018, for the revenue recognition policy as per Ind AS 18. The impact of the adoption of the standard on the Standalone Financial Statements of the Company is insignificant.

**Sale of goods**

The Company recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer.

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned or deferred revenue is recognised when there is billings in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Use of significant judgements in revenue recognition:

a) The Company's contracts with customers could include promises to transfer products to a customer. The Company assesses the products promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

b) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

c) The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.

d) The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

**Rendering of services**

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Job work and development charges are recognized upon full completion of the job work and development services and when all the significant risks and rewards of ownership of the goods have been passed to the buyer, on delivery of the goods and no significant uncertainty exists regarding the collection of the consideration.

**Interest income**

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in the statement of profit and loss.

**Export Incentive**

Export incentive entitlements are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds. These are presented as other operating revenue in the Statement of Profit and Loss.

**Dividends**

Revenue is recognized when the Company's right to receive the payment is established by the reporting date.

**Rental Income**

Rental income is recognized as a part of other income in profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation.

**Impairment of contract assets and trade receivables**

The allowance for expected credit losses for trade receivables and contract assets are calculated at individual level when there is an indication of impairment. For receivables and contract assets without any indication of impairment the expected credit losses are based on the historical credit loss experience combined with forward-looking information in macroeconomic factors effecting the credit risk.

i) **Income tax**

Income tax expense comprises current and deferred tax. It is recognized in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes.

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

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

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**Deferred tax**

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

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

**j) Segment reporting**

**Basis for segmentation**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. The Company is primarily engaged in the manufacturing of auto components of four wheeler industry. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segments and assess their performance. CODM believes that these are governed by same set of risk and returns hence CODM reviews as one balance sheet component.

**k) Earnings per share (EPS)**

Basic earnings / (loss) per share are calculated by dividing the net profit or loss for the year attributable to the shareholders of the Company by the weighted average number of equity shares outstanding at the end of the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, except where the results will be anti-dilutive.

**l) Provisions (Other than employee benefits)**

**General provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed the expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

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

**Warranty provisions**

Provision for warranty related costs are recognized when the product is sold or service provided and is based on historical experience. The provision is based on technical evaluation/ historical warranty data and after weighting of all possible outcomes by their associated probabilities. The estimate of such warranty related costs is revised annually. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

**Contingent liability**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

**m) Employee benefits**

*i. Short-term employee benefits*

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

*ii. Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions to the Regional Provident Fund Commissioner towards provident fund, superannuation fund scheme and employee state insurance scheme ('ESI'). Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the Statement of Profit and Loss in the periods during which the related services are rendered by employees. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

*iii. Defined benefit plans*

The Company operates a defined benefit gratuity plan, which requires contributions to be made to LIC of India. There are no other obligations other than the contribution payable to the respective trust.

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

iv. *Other long term employee benefits*

**Compensated absences**

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

As per the compensated absence encashment policy, the Company does not have an unconditional right to defer the compensated absence of employees, accordingly the entire compensated absence obligation as determined by an independent actuary has been classified as current liability as at the period/ year end.

**n) Financial instruments**

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

**Recognition and initial measurement**

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

**Classification and subsequent measurement**

Financial assets

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair Value through Other Comprehensive Income ('FVOCI') – debt instrument;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Equity investments*

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

*Investments in associates*

Investments in associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in joint ventures, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

*Investments in subsidiaries*

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

*Financial assets: Business model assessment*

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest*

For the purpose of this assessment 'Principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amounts or timings of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non - recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, as feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Financial assets: Subsequent measurement and gains and losses*

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. |
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. |
| Debt investment at FVOCI | These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| Equity investment at FVOCI | These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss. |

*Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

**Derecognition**

*Financial assets*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

*Financial liabilities*

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

***Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**Derivative financial instruments and hedge accounting**

The Company uses derivative instruments such as foreign exchange forward contracts and currency swaps to hedge its foreign currency and interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognized in profit and loss.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivatives is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item. Any ineffective portion of changes in fair value of the derivatives is recognised immediately in the Statement of Profit and Loss.

If a hedge no longer meets the criteria for hedge accounting or the hedge instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included directly in the initial cost of the non-financial item on its initial recognition or, for other cash flow edges, it is reclassified to profit or loss in the same period or periods as the hedged expected cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss

*Impairment of financial assets*

The Company recognizes loss allowances for expected credit losses on:

- Financial assets measured at amortized cost; and
- Financial assets measured at FVOCI – debt instruments.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt instruments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

Evidence that a financial asset is credit – impaired includes the following observable data:

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

*Measurement of expected credit losses*

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

*Presentation of allowance for expected credit losses in the balance sheet*

Loss allowance for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to Statement of the Profit and Loss and is recognized in OCI.

*Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Company's procedures for the recovery of amount due.

*Impairment of financial instruments*

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

a. Financial assets that are debt instruments, and are measured at amortized cost e.g., deposits and advances

b. Trade receivables that result from transactions that are within the scope of Ind AS 115

c. Financial guarantee contracts which are not measured as at FVTPL.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

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

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

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

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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

***o) Recognition of interest expense***

Interest expense is recognized using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to:

- the amortized cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the amortized cost of the liability.

***p) Cash and cash equivalents***

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and cheques on hand, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank, cash on hand and cheques on hand as they are considered an integral part of the Company's cash management.

***q) Cash dividend and non-cash distribution to equity holders of the parent***

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

***r) Corporate Social Responsibility ("CSR") expenditure***

CSR expenditure incurred by the Company is charged to the Statement of the Profit and Loss.

***s) Research and development:***

Expenditure on research and development activities is recognized in the Statement of Profit and Loss as incurred.

Development expenditure is capitalized as part of cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

***t) Business combination***

Business Combination under common control are accounted as per Appendix C in Ind AS 103 - Business combinations, at carrying amount of assets and liabilities acquired and any excess of consideration issued over the net assets acquired is recognised as capital reserve on common control business combination.

***u) Recent accounting pronouncements***

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from 1 April 2019:

**Amendment to Ind AS 116 - 'Leases'**

Ind AS 116 sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Standalone Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. This new standard provides two approaches to transition:

1. Full retrospective approach- Under this approach, the lessee applies the new standard retrospectively to each prior period presented and recognised an adjustment in equity at the beginning of the earliest period presented in accordance with Ind AS -8.

2. Modified retrospective approach- Under this approach, the lessee applies the new standard from the beginning of the current period and recognised an adjustment in equity at the beginning of the current and does not restate its prior financial information.

The effective date for adoption of this standard is annual period beginning on or after 1 April 2109. The Company will adopt this standard using modified retrospective approach effective 1 April 2019 for transition to IND AS 116 and will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

The Company has completed an initial assessment of the potential impact on its Standalone Financial Statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the Standalone Financial Statements in the period of initial application is not reasonably estimable as at present.

**Amendments to Ind AS 12 - 'Income taxes'**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the above amendment on its Standalone Financial Statements.

**Amendment to Ind AS 19 – 'Employee benefits'**

The amendments to Ind AS 19, clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its Standalone Financial Statements.

**Amendment to Ind AS 109, Financial instruments**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company is evaluating the requirements of the amendments and their impact on the Standalone Financial Statements.

**Amendment to Ind AS 23, Borrowing costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company is evaluating the requirements of the amendments and their impact on the Standalone Financial Statements.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 3A. Property, plant and equipment

| Particulars | Gross carrying value | | | | | Accumulated depreciation | | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | As at 1 April 2018 | Additions through business combination of entities under common control (Refer note 37) | Additions | Sales/ Disposition | As at 31 March 2019 | As at 1 April 2018 | Additions through business combination of entities under common control (Refer note 37) | Depreciation for the year | Disposals | As at 31 March 2019 | As at 31 March 2019 | As at 31 March 2018 |
| Freehold land | 5,623.90 | - | 159.75 | 72.83 | 5,710.82 | - | - | - | - | - | 5,710.82 | 5,623.90 |
| Building* | 17,777.05 | - | 601.62 | 147.96 | 18,230.71 | 1,392.18 | - | 730.29 | 16.25 | 2,106.22 | 16,124.49 | 16,384.87 |
| Lease hold improvements | 8.83 | - | - | - | 8.83 | 8.58 | - | 0.25 | - | 8.83 | - | 0.25 |
| Plant & Machinery | 34,765.52 | - | 3,140.14 | 761.95 | 37,143.71 | 13,120.70 | - | 5,715.71 | 488.58 | 18,347.83 | 18,795.88 | 21,644.82 |
| Jigs & Fixture | 515.73 | - | 187.03 | 18.07 | 684.69 | 181.96 | - | 99.74 | 17.94 | 263.76 | 420.93 | 333.77 |
| Electric installation | 1,734.63 | - | 431.09 | 7.23 | 2,158.49 | 634.32 | - | 440.03 | 5.67 | 1,068.68 | 1,089.81 | 1,100.31 |
| Furniture & Fixture | 337.47 | - | 9.12 | 1.23 | 345.36 | 153.55 | - | 41.03 | 0.31 | 194.27 | 151.09 | 183.92 |
| Office equipment | 1,242.50 | - | 699.41 | 11.77 | 1,930.14 | 481.50 | - | 295.49 | 4.65 | 772.34 | 1,157.80 | 761.00 |
| Vehicles | 365.87 | - | 162.55 | 43.21 | 485.21 | 122.96 | - | 75.78 | 29.85 | 168.89 | 316.32 | 242.91 |
| R&D-Plant & Machinery | 181.81 | - | - | - | 181.81 | 65.62 | - | 26.57 | - | 92.19 | 89.62 | 116.19 |
| R&D-Office Equipment | 11.28 | - | 0.20 | - | 11.48 | 4.22 | - | 2.17 | - | 6.39 | 5.09 | 7.06 |
| Total | 62,564.59 | - | 5,390.91 | 1,064.25 | 66,891.25 | 16,165.59 | - | 7,427.06 | 563.25 | 23,029.40 | 43,861.85 | 46,399.00 |

### 3A. Capital work-in-progress

| Particulars | As at 1 April 2018 | Additions through business combination of entities under common control (Refer note 37) | Additions | Capitalised | As at 31 March 2019 |
|---|---|---|---|---|---|
| Total | 1,953.95 | - | 4,313.90 | 5,390.91 | 876.94 |

### 3A. Property, plant and equipment

| Particulars | Gross carrying value | | | | | Accumulated depreciation | | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | As at 1 April 2017 | Additions through business combination of entities under common control (Refer note 37) | Additions | Sales/ Disposition | As at 31 March 2018 | As at 1 April 2017 | Additions through business combination of entities under common control (Refer note 37) | Depreciation for the year | Disposals | As at 31 March 2018 | As at 31 March 2018 | As at 31 March 2017 |
| Freehold land# | 4,662.96 | 796.62 | 164.32 | - | 5,623.90 | - | - | - | - | - | 5,623.90 | 4,662.96 |
| Building*# | 15,260.51 | 2,457.63 | 58.91 | - | 17,777.05 | 562.05 | 134.25 | 695.88 | - | 1,392.18 | 16,384.87 | 14,698.46 |
| Lease hold improvements | 8.83 | - | - | - | 8.83 | 5.35 | - | 3.23 | - | 8.58 | 0.25 | 3.48 |
| Plant & Machinery | 23,767.56 | 8,320.36 | 3,323.23 | 645.63 | 34,765.52 | 5,134.79 | 2,089.01 | 6,353.54 | 456.64 | 13,120.70 | 21,644.82 | 18,632.77 |
| Jigs & Fixture | 392.85 | 70.01 | 56.04 | 3.17 | 515.73 | 78.16 | 21.70 | 84.93 | 2.83 | 181.96 | 333.77 | 314.69 |
| Electric installation | 1,243.94 | 394.06 | 101.71 | 5.08 | 1,734.63 | 248.89 | 98.52 | 291.93 | 5.02 | 634.32 | 1,100.31 | 995.05 |
| Furniture & Fixture | 247.48 | 62.54 | 45.16 | 17.71 | 337.47 | 79.96 | 17.62 | 59.76 | 3.79 | 153.55 | 183.92 | 167.52 |
| Office equipment | 542.47 | 202.25 | 510.39 | 12.61 | 1,242.50 | 211.39 | 67.58 | 207.26 | 4.73 | 481.50 | 761.00 | 331.08 |
| Vehicles | 671.81 | 18.62 | 58.88 | 383.44 | 365.87 | 136.48 | 5.12 | 76.73 | 95.37 | 122.96 | 242.91 | 535.33 |
| R&D-Plant & Machinery | 197.22 | - | 7.02 | 22.43 | 181.81 | 40.53 | - | 31.18 | 6.09 | 65.62 | 116.19 | 156.69 |
| R&D-Office Equipment | 7.25 | - | 4.03 | - | 11.28 | 1.73 | - | 2.49 | - | 4.22 | 7.06 | 5.52 |
| Total | 47,002.88 | 12,322.09 | 4,329.69 | 1,090.07 | 62,564.59 | 6,499.33 | 2,433.80 | 7,806.93 | 574.47 | 16,165.59 | 46,399.00 | 40,503.55 |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 3A. Capital work-in-progress

| Particulars | As at 1 April 2017 | Additions through business combination of entities under common control (Refer note 37) | Additions | Capitalised | As at 31 March 2018 |
|---|---|---|---|---|---|
| Total | 1,345.49 | 429.39 | 4,508.76 | 4,329.69 | 1,953.95 |

(i) Contractual obligations

Refer note 38A for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Capitalised borrowing cost

Borrowing costs capitalised during the year ended INR 19.74 lakhs (previous year 31 March 2018 INR 20.05 lakhs)

(iii) Property, plant and equipment other than immovable property at Chennai, Malpura, Sanand and Stamping unit at Gurugram have been pledged as security for liabilities, for details refer note 45.

* Building (Gross block) amounting to INR 1,374.03 lakhs (previous year 31 March 2018 INR 1,374.03 lakhs), net block INR 1,217.76 lakhs (previous year 31 March 2018 INR 1,270.11 lakhs) is constructed on leasehold land.

# The total block of Building and Freehold land includes land valued at INR 1,120.69 lakhs (previous year INR 960.94 lakhs) and factory building having net block of INR 2,137.28 lakhs (previous year INR 2,243.08 lakhs) held in the name of erstwhile JTEKT Sona Automotive India Limited ('JSAI'), an associate company, is pending for mutation of name, due to the amalgamation of JSAI with the Company during the year ended 31 March 2019. (For detailed note on amalgamation, refer note 37).

### 3B. Intangible assets

| Particulars | Gross carrying value | | | | | Amortisation | | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | As at 1 April 2018 | Additions through business combination of entities under common control (Refer note 37) | Additions | Sales/ Disposition | As at 31 March 2019 | As at 1 April 2018 | Additions through business combination of entities under common control (Refer note 37) | Amortisation for the year | Disposals | As at 31 March 2019 | As at 31 March 2019 | As at 31 March 2018 |
| R&D-Computer softwares | 22.98 | - | 8.50 | - | 31.48 | 9.50 | - | 4.78 | - | 14.28 | 17.20 | 13.48 |
| Computer softwares | 1,048.26 | - | 1,106.12 | - | 2,154.38 | 476.89 | - | 432.32 | - | 909.21 | 1,245.17 | 571.37 |
| New product development | 6,937.57 | - | 950.36 | - | 7,887.93 | 2,346.78 | - | 1,195.84 | - | 3,542.62 | 4,345.31 | 4,590.79 |
| Total | 8,008.81 | - | 2,064.98 | - | 10,073.79 | 2,833.17 | - | 1,632.94 | - | 4,466.11 | 5,607.68 | 5,175.64 |

### 3B. Intangible assets under development

| Particulars | As at 1 April 2018 | Additions through business combination of entities under common control (Refer note 37) | Additions | Capitalised | As at 31 March 2019 |
|---|---|---|---|---|---|
| Total | 367.37 | - | 1,752.81 | 2,064.98 | 55.20 |

### 3B. Intangible assets

| Particulars | Gross carrying value | | | | | Amortisation | | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | As at 1 April 2017 | Additions through business combination of entities under common control (Refer note 37) | Additions | Sales/ Disposition | As at 31 March 2018 | As at 1 April 2017 | Additions through business combination of entities under common control (Refer note 37) | Amortisation for the year | Disposals | As at 31 March 2018 | As at 31 March 2018 | As at 1 April 2017 |
| R&D-Computer softwares | 19.89 | - | 3.09 | - | 22.98 | 5.02 | - | 4.48 | - | 9.50 | 13.48 | 14.87 |
| Computer softwares | 585.98 | 196.72 | 265.56 | - | 1,048.26 | 194.38 | 64.23 | 218.28 | - | 476.89 | 571.37 | 391.60 |
| New product development | 4,130.26 | 1,813.84 | 1,018.32 | 24.85 | 6,937.57 | 694.25 | 512.44 | 1,164.94 | 24.85 | 2,346.78 | 4,590.79 | 3,436.01 |
| Total | 4,736.13 | 2,010.56 | 1,286.97 | 24.85 | 8,008.81 | 893.65 | 576.67 | 1,387.70 | 24.85 | 2,833.17 | 5,175.64 | 3,842.48 |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 3B. Intangible assets under development

| Particulars | As at 1 April 2017 | Additions through business combination of entities under common control (Refer note 37) | Additions | Capitalised | As at 31 March 2018 |
|---|---|---|---|---|---|
| Total | 783.05 | 4.36 | 866.93 | 1,286.97 | 367.37 |

### 4. Investments

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **Non-current investments** | | |
| **Investments at cost** | | |
| **Investment in subsidiary*** | | |
| **Investments in equity shares (Unquoted)** | | |
| JTEKT Fuji Kiko Automotive India Limited (formerly known as Sona Fuji Kiko Automotive Limited) | 510.00 | 510.00 |
| 5,099,993 (31 March 2018: 5,099,993) Equity Shares of INR 10 each fully paid up | | |
| **Total investments** | **510.00** | **510.00** |
| **Aggregate amount of unquoted investments** | **510.00** | **510.00** |

* Investments in subsidiary is stated at cost using the exemption provided as per Ind AS 27 "Separate Financial Statements".

### 5. Loans

| Particulars | As at 31 March 2019 | | As at 31 March 2018 Re-presented (refer note 37) | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| *(Unsecured considered good, unless stated otherwise)* | | | | |
| Security deposits | 68.64 | 304.13 | 66.87 | 168.90 |
| Loans to employees | 63.87 | 10.91 | 29.26 | 5.61 |
| **Total** | **132.51** | **315.04** | **96.13** | **174.51** |

### 6. Other financial assets

| Particulars | As at 31 March 2019 | | As at 31 March 2018 Re-presented (refer note 37) | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Bank deposits with maturity after 12 months from the reporting date* | - | - | - | 32.14 |
| Interest accrued but not due on deposits | 8.55 | - | 59.72 | 1.07 |
| Forward exchange contracts used for hedging | - | - | 45.62 | - |
| Interest rate swaps used for hedging | 52.40 | 40.31 | - | - |
| Unbilled revenue | 737.98 | - | 379.41 | - |
| **Total** | **798.93** | **40.31** | **484.75** | **33.21** |

* Held as margin money deposits against bank guarantees

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those cross currency interest rate swaps and principal swaps that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for external currency borrowings.

### 7. Income tax assets

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Advance income tax and tax deducted at source [net of provisions INR 11,989.10 lakhs (31 March 2018 INR 7,623.17 lakhs)] | 569.15 | 673.48 |
| **Total** | **569.15** | **673.48** |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 8. Other non-current assets

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| *(Unsecured considered good, unless stated otherwise)* | | |
| Capital advances | 38.39 | 352.03 |
| Prepaid expenses | 74.45 | 41.18 |
| **Total** | **112.84** | **393.21** |

### 9. Inventories

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| *(Valued at lower of cost and net realisable value)* | | |
| Raw materials and components * | 4,264.08 | 3,506.88 |
| Work-in-progress ** | 890.83 | 1,324.76 |
| Finished goods *** | 2,939.89 | 2,654.12 |
| Stock-in-trade | 8.11 | 8.83 |
| Stores and spares | 1,189.90 | 1,069.65 |
| Loose tools | 1,197.96 | 1,067.08 |
| **Total** | **10,490.77** | **9,631.32** |
| Less: Provision on inventory obsolescence | (45.30) | (285.59) |
| **Total** | **10,445.47** | **9,345.73** |

* Includes material in transit INR 437.95 lakhs (31 March 2018 INR 186.50 lakhs)

** Includes material with the vendors sent for job work INR 64.28 lakhs (31 March 2018 INR 294.48 lakhs)

*** Includes goods in transit INR 1,830.53 lakhs (31 March 2018 INR 1,607.10 lakhs)

**Note:**

(i) Inventories have been pledged as security for liabilities, for details refer note 45.

### 10. Trade receivables

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| *(unsecured and considered good, unless otherwise stated)* | | |
| Trade receivables | 27,093.33 | 26,158.78 |
| **Total** | **27,093.33** | **26,158.78** |

**Notes :**

(i) Trade receivables have been pledged as security for liabilities, for details refer note 45.

(ii) For explanations on the company's exposure to credit, currency and liquidity risk, refer note 47.

### 11. Cash and cash equivalents

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Cash on hand | 9.71 | 7.62 |
| Balances with banks | | |
| - in current accounts | 402.51 | 150.11 |
| - in dividend accounts | 230.91 | 221.46 |
| - bank deposits with original maturity less than 3 months | 10,578.00 | - |
| **Total** | **11,221.13** | **379.19** |

**Notes :**

(i) Cash and cash equivalents have been pledged as security for liabilities, for details refer note 45.

(ii) There are no repatriation restrictions with respect to cash and bank balances as at the end of the reporting year and comparative years.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

(iii) **Information persuant to G.S.R. 308( E) dated 30 March 2017 issued by Ministry of Corporate Affairs**

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

**12. Other bank balances**

| Particulars | As at 31 March 2019* | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Bank deposits with original maturity more than 3 months but less than 12 months | 156.72 | 7,680.00 |
| **Total** | **156.72** | **7,680.00** |

* Held as margin money deposits against bank gurantees.

**13. Other current assets**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| *(Unsecured considered good, unless stated otherwise)* | | |
| Advance to suppliers | 241.92 | 91.52 |
| Balances with statutory/government authorities | 468.89 | 273.87 |
| Prepaid expenses | 560.22 | 521.59 |
| Claims receivable | 284.53 | 216.37 |
| Other receivable | 1.08 | 58.79 |
| **Total** | **1,556.64** | **1,162.14** |

**Notes :**

(i) Other current assets have been pledged as security for liabilities, for details refer note 45.

**14. Equity share capital**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Authorised capital** | | |
| 871,000,000 (31 March 2018 : 271,000,000) Equity Shares of INR 1 each | 8,710.00 | 2,710.00 |
| | **8,710.00** | **2,710.00** |
| **Issued, subscribed and fully paid up equity share capital** | | |
| 244,480,469 (31 March 2018 : 198,741,832) Equity Shares of INR 1 each fully paid up | 2,444.80 | 1,987.42 |
| | **2,444.80** | **1,987.42** |

**a) Reconciliation of equity shares outstanding at the beginning and at the end of the year**

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount |
| Equity shares at the beginning of the year | 198,741,832 | 1,987.42 | 198,741,832 | 1,987.42 |
| Issued during the year (refer note 37) | 45,738,637 | 457.38 | - | - |
| **Equity shares at the end of the year** | **244,480,469** | **2,444.80** | **198,741,832** | **1,987.42** |

During the year ended 31 March 2019, in terms of Scheme of Amalgamation of JSAI with the Company, the Company has allotted 45,738,637 Ordinary (Equity) shares of INR 1 each to JTEKT Corporation Japan and other shareholders of JSAI in the ratio of 1,582 (one thousand five hundred and eighty two) Ordinary (Equity) Share of INR 1 each fully paid-up in the capital of the Company for every 1,000 (one thousand) fully paid-up Equity Shares of INR 10 each held in JSAI (refer note 37 for merger information)

**b) Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of INR 1 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

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

| Name of shareholder | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares | % holding | No. of shares | % holding |
| **Equity shares of INR 1 each fully paid up** | | | | |
| JTEKT Corporation, Japan | 169,559,997 | 69.36% | 138,771,253 | 69.82% |
| Maruti Suzuki India Ltd. | 13,800,000 | 5.64% | 13,800,000 | 6.94% |

**d) Details of shares held by ultimate holding Company/ holding Company and/ or their subsidiaries/ associates**

| Name of shareholder | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares | % holding | No. of shares | % holding |
| **Equity shares of INR 1 each fully paid up** | | | | |
| JTEKT Corporation, Japan | 169,559,997 | 69.36% | 138,771,253 | 69.82% |

**e) For the period of five years immediately preceding the date at which Balance Sheet is prepared -**

- The Company has not allotted fully paid up shares by way of Bonus shares; and
- The Company has not bought back shares.

**15. Other equity**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Securities Premium** | | |
| Opening balance | 8,070.76 | 8,070.76 |
| Additions during the year | - | - |
| **Closing balance** | **8,070.76** | **8,070.76** |
| **General reserve** | | |
| Opening balance | 8,190.71 | 8,190.71 |
| Amount transferred from Statement of Profit and Loss | - | - |
| **Closing balance** | **8,190.71** | **8,190.71** |

The general reserve is created from time to time on transfer of profit from retained earnings. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to Statement of Profit and Loss.

| **Surplus in the Statement of Profit and Loss** | | |
|---|---|---|
| Opening balance | 31,833.24 | 11,609.61 |
| Add: Business combination under common control * | - | 15,693.92 |
| Add: profit for the year | 6,856.39 | 5,750.24 |
| Less: dividend on equity shares | (1,861.18) | (993.82) |
| Less: dividend distribution tax | (522.43) | (194.52) |
| Add: transferred from OCI (re-measurement of employee benefit obligations) | (107.05) | (32.18) |
| **Closing balance** | **36,198.98** | **31,833.25** |

| **Capital reserve** | | |
|---|---|---|
| Opening balance | 2,434.23 | 0.43 |
| Addition through business combination under common control * | - | 2,433.80 |
| **Closing balance** | **2,434.23** | **2,434.23** |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

The capital reserve is the accumulated surplus not available for distribution of dividend and expected to remain invested permanently.

| **Share pending issuance *** | | |
|---|---|---|
| Opening balance | 457.38 | - |
| Addition through business combination under common control | - | 457.38 |
| Shares issued during the year | (457.38) | - |
| **Closing balance** | **-** | **457.38** |

| **Items of other comprehensive income, net of tax** | | |
|---|---|---|
| **Re-measurement of employee benefit obligations** | | |
| Balance as at the beginning of the year | - | - |
| Recognised during the period | (107.05) | (32.18) |
| **Closing balance** | **(107.05)** | **(32.18)** |
| Less: transferred to retained earnings | 107.05 | 32.18 |
| **Closing balance** | **-** | **-** |

The remeasurements of defined benefit obligation comprises actuarial gains and losses.

| **Effective portion of cash flow hedges** | | |
|---|---|---|
| Balance as at the beginning of the year | (110.36) | - |
| Recognised during the period | 95.03 | (110.36) |
| **Closing balance** | **(15.33)** | **(110.36)** |
| **Total** | **54,879.35** | **50,875.97** |

The cash flow hedging reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gains or loss arising on changes in the value of designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to Statement of Profit and Loss, or included as a basis adjustment to the non-financial hedging item.

* Refer note 37

**16. Borrowings**

**16A. Non-current borrowings**

| **Particulars** | **As at 31 March 2019** | **As at 31 March 2018 Re-presented (refer note 37)** |
|---|---|---|
| **Secured loans** | | |
| **Term loans** | | |
| Indian rupee loan from banks | 8,053.83 | 12,146.08 |
| Foreign currency loan from banks | 1,896.82 | 3,656.19 |
| **Total borrowings (including current maturities)** | **9,950.65** | **15,802.27** |
| **Less: Current maturities of borrowings (refer note 17):** | | |
| Indian rupee loan from banks | 4,133.60 | 4,088.93 |
| Foreign currency loan from banks | 1,072.12 | 1,862.19 |
| **Total current maturities of borrowings** | **5,205.72** | **5,951.12** |
| **Total borrowings (excluding current maturities)** | **4,744.93** | **9,851.15** |

**Notes:**

1. Refer note 47 - Financial risk management for liquidity risk.
2. Refer note 45 - Assets pledged as security.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 16B. Current borrowings

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **Secured** | | |
| Cash Credit | 8,887.62 | 7,416.66 |
| **Total** | **8,887.62** | **7,416.66** |

Notes:

1. Refer note 47 - Financial risk management for liquidity risk.
2. Refer note 45 - Assets pledged as security.

**Repayment terms of non current borrowings as specified in note 16A (including current maturities) and security disclosure for the outstanding non current borrowings as on balance sheet date:**

| Sl. No. | Particulars | Repayment details | Nature of securities of Non-current borrowings | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|---|---|---|
| **Indian rupee loans from banks** | | | | | |
| 1. | State Bank of India | Repayable in 16 Installments quarterly<br>- 8 Installments of INR 2 crores each, and<br>- 8 Installments of INR 3 crores each | Primary: First Pari-Passu charge on the entire movable fixed assets of the Company and equitable mortgage of land situated at 38/6, NH-8 Delhi Jaipur Raod Gurgaon-122001, immovable property land situated at Plot No. 32 and 19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat. Collateral : Second charge on current assets of the Company. | 1,200.00 | 2,400.00 |
| 2. | Corporation Bank | Repayable in 17 Installments quarterly<br>- 1 Installment of INR 1 crore<br>- 8 Installments of INR 2 crores each<br>- 4 Installments of INR 3 crores each<br>- 4 Installments of INR 2.75 crores each | Pari passu first charge over the entire movable fixed assets of the Company and equitable mortgage of land situated at 38/6, NH-8 Delhi Jaipur Raod Gurgaon-122001, immovable property land situated at Plot No. 32 and 19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat. | 1,100.00 | 2,300.00 |
| 3. | Allahabad Bank | Repayable in 20 Installments quarterly of INR 2.00 crores each | Pari passu first charge over the entire movable fixed assets of the Company and equitable mortgage of land situated at 38/6, NH-8 Delhi Jaipur Raod Gurgaon-122001, immovable property land situated at Plot No. 32 and 19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat. | 1,800.00 | 2,600.00 |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Sl. No. | Particulars | Repayment details | Nature of securities of Non-current borrowings | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|---|---|---|
| 4. | Allahabad Bank | Monthly Repayment | Allahabad Bank is secured by way of exclusive charge on the vehicles financed out of the said term loan. | - | 5.53 |
| 5. | Allahabad Bank | Monthly Repayment | Allahabad Bank is secured by way of exclusive charge on the vehicles financed out of the said term loan. | 56.32 | 94.18 |
| 6. | IDFC Bank | Repayable in 20 Installments quarterly<br>- 4 installments of INR 1.5 crores each<br>- 12 installments INR 2 crores each<br>- 4 installments of INR 2.5 crores each | Pari passu first charge over the entire movable fixed assets of the Company and equitable mortgage of land situated at 38/6, NH-8 Delhi Jaipur Raod Gurgaon-122001, immovable property land situated at Plot No. 32 and 19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana). | 3,197.50 | 3,846.37 |
| 7. | Indusind Bank | Repayable in 20 Installments<br>- 4 installments of INR 1.05 crores each<br>- 4 installments of INR 1.28 crores each<br>- 4 installments of INR 1.50 crores each<br>- 4 installments of INR 1.73 crores each<br>- 4 installments of INr 1.95 crores each | Pari passu first charge over the entire movable fixed assets of the Company and equitable mortgage of land situated at 38/6, NH-8 Delhi Jaipur Raod Gurgaon-122001, immovable property land situated at Plot No. 32 and 19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana). | 700.00 | 900.00 |
| | | | | 8,053.83 | 12,146.08 |

| Sl. No. | Particulars | Repayment details | Nature of securities of Non-current borrowings | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|---|---|---|
| **Foreign currency loans from banks** | | | | | |
| 1. | Standard Chartered Bank - ECB | Repayable in 16 Installments (quarterly installments INR 2.25 crores) | Pari passu first charge over the entire movable fixed assets of the Company and equitable mortgage of land situated at 38/6, NH-8 Delhi Jaipur Raod Gurgaon-122001, immovable property land situated at Plot No. 32 and 19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat. | - | 497.25 |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Sl. No. | Particulars | Repayment details | Nature of securities of Non-current borrowings | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|---|---|---|
| 2. | Standard Chartered Bank - ECB | Repayable in 17 Installments details below:-<br>(1) Loan Amt USD-2 Million- Repayment INR 0.76 crores in 17 Installements each.<br>(2) Loan Amt USD-2 Million Repayment INR 0.76 crores in 17 Installements each.<br>(3) Loan Amt USD-2.5 Million Repayment INR 0.96 crores in 17 Installments each. | Pari passu first charge over the entire movable fixed assets of the Company and equitable mortgage of land situated at 38/6, NH-8 Delhi Jaipur Raod Gurgaon-122001, immovable property land situated at Plot No. 32 and 19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat.<br><br>Second pari passu charge on all present and future current assets of the Company. | 1,896.82 | 2,808.00 |
| 3. | MUFG ECB | Repayable in six half yearly installments commencing from Jan'16. | Corporate guarantee given by JTEKT Corporation, Japan. | - | 350.94 |
| | | | | 1,896.82 | 3,656.19 |
| | **Total** | | | **9,950.65** | **15,802.27** |

Rate of interest: The Company's long term borrowings have weighted average rate of 9.80% in FY-2019 (10.17 % p.a. in FY-2018)

### 17. Other financial liabilities

| Particulars | As at 31 March 2019 | | As at 31 March 2018 Re-presented (refer note 37) | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Current maturities of long-term borrowings (refer note no. 16A) | 5,205.72 | - | 5,951.12 | - |
| Interest accrued but not due on borrowings | 23.09 | - | 53.38 | - |
| Security deposit payables | 46.69 | - | 28.74 | 3.00 |
| Unclaimed dividends # | 230.91 | - | 221.46 | - |
| Forward exchange contracts used for hedging | 96.03 | - | - | - |
| Interest rate swaps used for hedging | - | - | 17.54 | 45.40 |
| Employee dues | 1,092.18 | - | 1,320.50 | - |
| Creditors for capital goods | 449.03 | - | 892.82 | - |
| **Total** | **7,143.65** | **-** | **8,485.56** | **48.40** |

# There are no amount due for payment to the Investor Education & Protection Fund under Section 125 of the Companies Act, 2013.

The Company's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 47.

### 18. Provisions

| Particulars | As at 31 March 2019 | | As at 31 March 2018 Re-presented (refer note 37) | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| **Provision for employee benefits** | | | | |
| Gratuity (refer note no. 39) | 4.33 | 47.43 | 7.85 | 44.65 |
| Compensated absences (refer note no. 39) | 160.47 | 756.81 | 142.46 | 751.06 |
| **Others** | | | | |
| Provision for warranties* | 326.84 | 58.16 | 241.45 | 62.90 |
| **Total** | **491.64** | **862.40** | **391.76** | **858.61** |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

***Movement in provision related to warranty during the year:**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **At the beginning of the year** | 304.35 | 319.10 |
| Provision assumed through business combination (refer note 37) | - | 73.79 |
| Additions during the year | 1038.64 | 120.39 |
| (Deletions) in the discounted amount arising from passage of time | (957.99) | (208.93) |
| **At the end of the year** | **385.00** | **304.35** |

The provision for warranties relates mainly to inventories sold during the year ended 31 March 2019 and 31 March 2018. The provision is based on estimates made from historical warranty data associated with similar products and also includes specific warranty claim received by the Company from its customers. The Company expects to incur the related expenditure over the next few years.

**19. Deferred tax liabilities (net)**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **Deferred tax liability arising on account of :** | | |
| Property, plant and equipment and intangible assets | 1309.93 | 1754.88 |
| Amount of payments made during the year and allowed for tax purposes on payment basis but to be charged to the Statement of Profit and Loss in the subsequent year. | 48.29 | 26.79 |
| Discounting of long term warranty | 2.55 | 4.35 |
| Measurement of financial liabilities carried at amortised costs | 0.87 | 1.27 |
| **Deferred tax asset arising on account of :** | | |
| Effect of expenditure debited to Statement of Profit and Loss account but allowed for tax purposes in subsequent years | 413.70 | 416.83 |
| Provision of inventory obsolescence | 15.83 | 99.89 |
| Adjustment for derivatives recongnised through fair value hedge | 33.56 | 9.48 |
| Adjustment for derivatives recongnised through Cash Flow hedge | 14.32 | 65.36 |
| **Total** | **884.23** | **1,195.73** |

**Movement in deferred tax liability for the year ended 31 March 2019**

| Particulars | As at 31 March 2018 Re-presented (refer note 37) | Additions through business combination of entities under common control (refer note 37) | Recognised in other comprehensive income | Recognised in Statement of Profit and Loss | 31 March 2019 |
|---|---|---|---|---|---|
| **Deferred tax liability:** | | | | | |
| Property, plant and equipment, investment property and intangible assets | (1,754.88) | - | - | 444.95 | (1,309.93) |
| Amount of payments made during the year and allowed for tax purposes on payment basis but to be charged to the Statement of Profit and Loss in the subsequent year. | (26.79) | - | - | (21.49) | (48.29) |
| Discounting of long term warranty | (4.35) | - | - | 1.80 | (2.55) |
| Measurement of financial liabilities carried at amortised costs | (1.27) | - | - | 0.40 | (0.87) |
| **Deferred tax asset** | | - | | | |
| Effect of expenditure debited to Statement of Profit and Loss account but allowed for tax purposes in subsequent years | 416.83 | - | 57.50 | (60.63) | 413.70 |
| Provision of inventory obsolescence | 99.89 | - | - | (84.06) | 15.83 |
| Adjustment for derivatives recongnised through fair value hedge | 9.48 | - | - | 24.08 | 33.56 |
| Adjustment for derivatives recongnised through Cash Flow hedge | 65.36 | - | (51.04) | - | 14.32 |
| **Total** | **(1,195.73)** | **-** | **6.46** | **305.05** | **(884.23)** |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**Movement in deferred tax liability for the year ended 31 March 2018**

| Particulars | 31 March 2017 | Additions through business combination of entities under common control (refer note 37) | Recognised in other comprehensive income | Recognised in Statement of Profit and Loss | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|---|---|---|
| **Deferred tax liability:** | | | | | |
| Property, plant and equipment, investment property and intangible assets | (1,964.49) | (470.83) | - | 680.44 | (1,754.88) |
| Amount of payments made during the year and allowed for tax purposes on payment basis but to be charged to the Statement of Profit and Loss in the subsequent year. | (44.18) | - | - | 17.39 | (26.79) |
| Discounting of long term warranty | (7.23) | - | - | 2.88 | (4.35) |
| Measurement of financial liabilities carried at amortised costs | - | - | - | (1.27) | (1.27) |
| Adjustment related to borrowings | (1.67) | - | - | 1.67 | - |
| **Deferred tax asset** | | | | | |
| Effect of expenditure debited to Statement of Profit and Loss account but allowed for tax purposes in subsequent years | 268.69 | - | 18.76 | 129.38 | 416.83 |
| Provision of inventory obsolescence | - | - | - | 99.89 | 99.89 |
| Adjustment for derivatives recongnised through fair value hedge | 9.01 | - | - | 0.47 | 9.48 |
| Adjustment for derivatives recongnised through Cash Flow hedge | - | - | 59.37 | 5.99 | 65.36 |
| Adjustment for capitalisation of stores and spares | 9.76 | - | - | (9.76) | - |
| **Total** | **(1,730.11)** | **(470.83)** | **78.13** | **927.08** | **(1,195.73)** |

## 20. Trade payables

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises# | 247.34 | 188.35 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises# | 20,882.57 | 18,266.51 |
| **Total** | **21,129.91** | **18,454.86** |

#There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at the year end. The information as required to be disclosed in relation to Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

**Total outstanding dues of micro enterprises and small enterprises:-**

| | Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|---|
| i) | The principal amount remaining unpaid to any supplier as at the year end. | 247.34 | 188.35 |
| ii) | The interest due on principal amount remaining unpaid to any supplier as at the end of the year | - | - |
| iii) | The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), along with the amount of the payment made to the supplier beyond the appointed day during the year | - | - |
| iv) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act; | - | - |
| v) | The amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |
| vi) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure as per the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) | - | - |
| **Total** | | **247.34** | **188.35** |

The company exposure to currency and liquidity risk related to trade payables is disclosed in note 47.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 21. Other current liabilities

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Advance from customer | 74.06 | 15.08 |
| Statutory dues* | 1,722.65 | 945.96 |
| **Total** | **1,796.71** | **961.04** |

* Taxes payable includes withholding tax, GST etc.

### 22. Income tax liabilities

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Provision for income tax (net of advance tax and TDS INR 6,808.12 lakhs) (31 March 2018 : INR 6,624.28 lakhs) | 88.50 | 459.93 |
| **Total** | **88.50** | **459.93** |

### 23. Revenue from operations

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Sale of products (including excise duty)* | 175,850.26 | 155,293.92 |
| Sale of services | - | 8.56 |
| Other operating revenues | | |
| - Scrap sale | 920.46 | 815.17 |
| - Export income | 538.62 | 410.40 |
| **Total** | **177,309.34** | **156,528.05** |

* Revenue from operations, computed in accordance with Ind AS 115 'Revenue from contracts with customers', for the current year is not comparable with previous year since the same is net of Goods and Service Tax (GST) whereas excise duty form part of expenses in previous year and current year (uptill 30 June 2017). The comparative revenue from operations of the Company is given below:

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Revenue from operations (as reported) | - | 156,528.05 |
| Less : excise duty on sales | - | 3,994.33 |
| **Revenue from operations (net of excise duty)** | **-** | **152,533.72** |

### 24. Other income

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **Other non operating income** | | |
| Interest income on: | | |
| - Bank deposits | 711.42 | 394.48 |
| - Others | 16.77 | 9.29 |
| Rental income | 8.40 | 11.61 |
| Dividend from equity investment | 153.00 | 38.25 |
| Gain on sale of property, plant & equipment (net) | 22.96 | 58.62 |
| Miscellaneous income | 332.99 | 170.74 |
| Foreign exchange gain including mark to market valuation (net) | 11.86 | - |
| **Total** | **1,257.40** | **682.99** |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 25 Cost of raw material and components consumed

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Inventory at the beginning of the year | 3,506.88 | 3,625.08 |
| Add: purchases during the year | 118,604.51 | 97,348.03 |
| Less: inventory at the end of the year | 4,264.08 | 3,506.88 |
| **Total** | **117,847.31** | **97,466.23** |

### 26. Purchases of stock-in-trade

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Purchases of stock-in-trade | 3,442.26 | 4,094.68 |
| **Total** | **3,442.26** | **4,094.68** |

### 27. Changes in inventories of finished goods, work-in-progress and stock-in-trade

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **Opening inventories** | | |
| Work-in-progress | 1,324.76 | 1,713.35 |
| Finished goods | 2,654.12 | 2,485.04 |
| Stock-in-trade | 8.83 | 6.27 |
| **Closing inventories** | | |
| Work-in-progress | 890.83 | 1,324.76 |
| Finished goods | 2,939.89 | 2,654.12 |
| Stock-in-trade | 8.11 | 8.83 |
| **Net increase** | **148.88** | **216.95** |

### 28. Employee benefit expenses

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Salaries wages and bonus | 15,230.74 | 13,857.83 |
| Contribution to provident and other funds (refer note 38 & 39) | 994.02 | 965.84 |
| Staff welfare expenses | 2,130.99 | 1,983.29 |
| **Total** | **18,355.75** | **16,806.96** |

### 29. Finance costs

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Interest to banks* | 1,459.99 | 2,062.81 |
| Interest to others | 57.42 | 10.25 |
| Other borrowing costs | - | 2.40 |
| Bank charges | 34.40 | 57.47 |
| **Total** | **1,551.81** | **2,132.93** |

* Net of interest capitalized of INR 19.74 lakhs (previous year INR 20.05 lakhs)

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**30. Depreciation and amortisation expense**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Depreciation on property, plant and equipment (refer note 3A) | 7,427.06 | 7,806.93 |
| Amortisation on intangible assets (refer note 3B) | 1,632.94 | 1,387.70 |
| **Total** | **9,060.00** | **9,194.63** |

**31. Other expenses**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Consumption of stores and spares | 2,281.36 | 1,902.60 |
| Loose tools consumed | 1,978.79 | 1,657.48 |
| Power and fuel | 2,527.07 | 2,418.89 |
| Excise duty on (decrease) in finished goods | - | (176.45) |
| Repairs and maintenance | | |
| - Plant & machinery | 776.18 | 697.10 |
| - Buildings | 194.73 | 169.58 |
| - Others | 822.11 | 760.42 |
| Royalty | 2,376.32 | 1,610.14 |
| Rent (refer note 41) | 423.87 | 283.02 |
| Rates and taxes | 159.39 | 41.11 |
| Insurance | 109.41 | 132.84 |
| Travelling, conveyance and vehicle expenses | 790.13 | 744.21 |
| Communication and stationery expenses | 256.74 | 215.23 |
| Legal and professional charges | 586.45 | 617.04 |
| Security charges | 250.79 | 247.10 |
| Foreign exchange loss including mark to market valuation (net) | - | 34.07 |
| Selling expenses* | 2,467.36 | 1,407.29 |
| Packing material | 591.53 | 603.82 |
| CSR expenditure (refer note 35) | 52.88 | 66.17 |
| Provision on obsolescence of inventory | 39.71 | 285.59 |
| Payments to auditors | | |
| As Auditor | | |
| Statutory audit fee | 50.00 | 46.00 |
| Tax audit fee | 6.50 | 6.00 |
| Limited review# | 22.50 | 20.25 |
| Other matters | 23.27 | 11.14 |
| Reimbursement of expenses | 9.94 | 3.84 |
| Miscellaneous expenses | 633.83 | 636.13 |
| **Total** | **17,430.86** | **14,440.61** |

* Includes warranty expense of INR 1,038.64 lakhs (previous year INR 120.39 lakhs)

\# Include fees paid to predecessor auditor amounting to nil (previous year INR 2.50 lakhs).

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 32. Tax expense

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **Income tax recognised in the statement of profit or loss:** | | |
| **Current income tax** | | |
| - Current tax | 4,178.53 | 4,040.56 |
| **Deferred tax** | | |
| - Relating to origination and reversal of temporay differences | (305.05) | (927.08) |
| **Income tax expenses reported in the statement of profit or loss** | **3,873.48** | **3,113.48** |

**Reconciliation of effective tax rate :**

**The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 34.944% and the reported tax expense in Statement of Profit and Loss are as follows:**

| Particulars | For the year ended 31 March 2019 | | For the year ended 31 March 2018 Re-presented (refer note 37) | |
|---|---|---|---|---|
| **Profit for the year** | | **10,729.87** | | **8,863.72** |
| Statutory income tax rate of 34.944% (31 March 2018: 34.608%) | 34.94% | 3,749.45 | 34.61% | 3,067.56 |
| Additional deduction allowed in Income tax Act for certain expenditure | -0.34% | (36.46) | -0.27% | (23.64) |
| Expenditure for which deduction is not allowed under income tax Act | 1.79% | 192.44 | 0.51% | 45.18 |
| Capital expenditure not allowed under Income Tax Act | 0.00% | - | 0.04% | 3.87 |
| Tax on exempt income | -0.50% | (53.46) | -0.15% | (13.24) |
| Change in tax rate for future period considered for deferred tax | 0.00% | - | 0.30% | 26.39 |
| Tax pertaining to earlier years | 0.00% | - | 0.01% | 0.48 |
| Other deductions | 0.20% | 21.52 | 0.08% | 6.88 |
| **Effective tax rate** | **36.10%** | **3,873.48** | **35.13%** | **3,113.48** |

**Income tax recognised in Other Comprehensive Income**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **Deferred tax related to items recognised in OCI during the year:** | | |
| Re-measurement of defined benefit plans | 57.50 | 18.76 |
| Effective portion of loss on cash flow hedge instruments | (51.04) | 59.37 |
| **Income tax expenses reported in Other Comprehensive Income** | **6.46** | **78.13** |

### 33. Earnings per equity share

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Profit attributable to equity shareholders* | 6,856.39 | 5,750.24 |
| Weighted average number of equity shares outstanding during the year (Nos.) | 244,480,469 | 198,741,832 |
| Effect of equity shares to be issued on account of business combination (Nos.) | - | 35,462,782 |
| Basic average number of equity shares outstanding during the year (Nos.) | 244,480,469 | 234,204,614 |
| Nominal value of equity shares in INR | 1.00 | 1.00 |
| Earnings per equity share in INR* | | |
| Basic | 2.80 | 2.46 |
| Diluted | 2.80 | 2.46 |

* Pursuant to the amalgamation between the Company and JSAI with effect from 22 June 2017, profit attributable to equity shareholders for comparative period has been re-presented to include the figures of JSAI. Accordingly, as per the requirement of the Ind AS 33, the Basic and Diluted earnings per share of comparative period have also been re-presented taking into consideration the equity shares pending to be issued to the shareholders of JSAI other than the Company as purchase consideration. (For detailed note on amalgamation, refer note 37)

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**34. Group Information**

The Company has following investment, in subsidiary and associates:

| Name of entity | Principal place of business | Relationship | Percentage of ownership interest | |
|---|---|---|---|---|
| | | | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
| JTEKT Fuji Kiko Automotive India Limited (formerly known as Sona Fuji Kiko Automotive Ltd) | India | Subsidiary | 51.00% | 51.00% |
| JTEKT Sona Automotive India Limited# | India | Associate | - | - |
| Sona Skill Development Centre Limited* | India | Associate | - | - |

# 49.00% up to 21 June 2017 (also refer note 37)

* 49.99% up to 18 May 2017

**35. Expenditure on Corporate Social Responsibility (CSR)**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Gross amount required to be spent by the Company as per Section 135 of the Companies Act, 2013 | 161.57 | 149.82 |
| **Amount spent during the year on:** | | |
| a) Construction / acquisition of any asset | - | - |
| b) On purposes other than (a) above | 52.88 | 75.22 # |

# CSR obligation as well as actual spend for the year ended 31 March 2018 has been considered for full year in respect of JSAI.

**36. Research and development expenses (R&D expenses)**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Travelling expenses | 1.12 | 5.63 |
| Salary and allowance | 180.27 | 168.62 |
| Components, tools and spares | 8.63 | 12.36 |
| Others | 1.07 | 1.32 |
| **Total** | **191.09** | **187.93** |

**37. Merger information**

The Scheme of Amalgamation (The Scheme) for amalgamation of Company's associate, JTEKT Sona Automotive India Limited ('JSAI') with the Company has been approved by the Principal Bench of National Company Law Tribunal, New Delhi and on completion of the required formalities on 16 March 2019, the Scheme has become effective from the appointed date, i.e., 1 April 2018. JSAI is engaged in the business of manufacturing Column Electric Power Steering Systems ('C-EPS') for the passenger car automobile segment in India. The amalgamation has been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combinations' and comparatives have been re-presented for amalgamation with effect from 22 June 2017 (i.e. the date when JTEKT Corporation, Japan acquired control over the Company). Accordingly, figures of JSAI have been included in all the periods of the Standalone Financial Statements presented and therefore, the figures for Standalone Financial Statements for the year ended 31 March 2019 are not comparable with the re-presented Standalone Financial Statements for the previous year ended 31 March 2018 due to the amalgamation being carried out effective from 22 June 2017 in accordance with Ind AS 103.

Further, in terms of the Scheme, during the year, 45,738,637 Ordinary (Equity) shares of INR 1 each in the Company has been issued and allotted as fully paid up to the shareholders of JSAI other than the Company, in the ratio of 1,582 (one thousand five hundred and eighty two) Ordinary (Equity) Share of INR 1 each fully paid-up in the capital of the Company for every 1,000 (one thousand) fully paid-up Equity Shares of INR 10 each held in JSAI. Consequently, an amount of INR 2,433.80 lakhs representing difference between the consideration issued, cancellation of investments held by the Company in JSAI and value of net identifiable assets acquired has been transferred to Capital Reserve in the Standalone Financial Statements as at 22 June 2017. The same is presented as "Share Pending Issuance" under ""Other Equity"" as at 22 June 2017 and 31 March 2018.

The Basic and Diluted earnings per share have been re-presented taking into consideration the equity shares pending to be issued to the shareholders of JSAI other than the Company as purchase consideration.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

(i) **Summary of assets and liabilities acquired as a results of scheme is as given below :-**

| Particulars | Amount | Amount |
|---|---|---|
| **A) Assets acquired on 22 June 2017** | | |
| Property, plant and equipment | 9,888.29 | |
| Capital work-in-progress | 429.39 | |
| Intangible assets | 1,433.90 | |
| Intangible assets under development | 4.36 | |
| Non current financial assets : | | |
| i) Loans | 70.56 | |
| ii) Other financial assets | 7.83 | |
| Income tax assets | 90.58 | |
| Other non-current assets | 333.70 | |
| Inventories | 2,932.00 | |
| Current financial assets | | |
| i) Trade receivable | 4,587.48 | |
| ii) Cash and cash equivalents | 417.31 | |
| iii) Loans | 2.23 | |
| iv) Other financial assets | 8,096.58 | |
| Other current assets | 982.76 | 29,276.97 |
| **B) Liabilities assumed on 22 June 2017** | | |
| Other equity | 15,693.92 | |
| Non current provisions | 338.20 | |
| Deferred tax liabilities (net) | 470.83 | |
| Current financial liabilities | | |
| i) Trade payables | 5,113.76 | |
| ii) Other financial liabilities | 1,587.70 | |
| Current provisions | 87.69 | |
| Other current liabilities | 184.38 | |
| Income tax liabilities | 131.50 | 23,607.98 |
| **Net assets acquired (A-B)** | | **5,668.99** |
| Less : Value of investment cancelled | | (2,777.81) |
| Less : Shares pending issuance | | (457.38) |
| **Net assets acquired transferred to capital reserve** | | **2,433.80** |

The value of the investments of INR 2,777.81 lakhs in the equity shares of JSAI held by the company shall stand cancelled in the books of the company, without further act or deed.

**38. Contingent liabilities and commitments (to the extent not provided for)**

**A. Capital commitments**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for | 1,558.15 | 3,389.75 |
| **Total** | **1,558.15** | **3,389.75** |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**B. Contingent liabilities**

| Particulars | Period covered | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|---|
| **Contingent liabilities, not acknowledged as debt, include:** | | | |
| **1. Claims against the Company not acknowledged as debt on account of #:** | | | |
| **(a) Excise duty matters** | | | |
| Show cause notices received and pending with Adjudication Authority | 2000-01 to 2018-19 | 2,689.09 | 1,759.08 |
| Cases pending before Appellate authorities in respect of which the company has filed appeals. | 2007-08 to 2011-12 | 491.76 | 465.76 |
| | | **3,180.85** | **2,224.84** |
| **(b) Service tax matters** | | | |
| Show cause notices received and pending with Adjudication Authority | 2004-05 to 2018-19 | 67.05 | 64.94 |
| Cases pending before Appellate authorities in respect of which the company has filed appeals. | 2009-10 to 2015-16 | 7.33 | 8.73 |
| | | **74.38** | **73.67** |
| **(c) VAT matters** | | | |
| Local Area Development Tax (LADT) levied by Assessing Authority Gurgaon. The Constitutional bench of the Supreme Court in its order dated 11.11.2016 has given certain guidelines relating to power of States to levy tax on entry of goods into local area. The pending cases, including that of the company is yet to be decided by the regular benches of Supreme Court. | 2007-08 to 2017-18 | **1542.88** | **1,413.47** |
| **(d) Customs duty matters** | | | |
| Show cause notice received from Adjudication Authority (Custom) for Classification issue | 2011-12 to 2012-13 | 58.52 | - |
| Cases pending before Appellate authorities in respect of which the company has filed appeals. | 2016-17 to 2018-19 | 260.75 | 77.59 |
| | | **319.27** | **77.59** |
| **(e) Stamp Duty matters** | | | |
| Stamp duty in connection with Scheme of Amalgamation approved by Hon'ble NCLT pending for adjudication with Sub Divisional Magistrate, Revenue Department, Delhi | | **1,515.82** | **-** |
| **(f) Income tax matters** | | | |
| Cases pending before Appellate Authorities in respect of which the Company has filed appeal. The Company has been advised that the above demands are likely to be either deleted or substantially reduced and accordingly no provision is considered necessary. | 2011-12 to 2015-16 | **49.91** | **49.91** |
| **2. Customer bills discounted** | | **1,283.38** | **2,363.22** |
| **3. Letter of credit opened by banks for purchase of inventory/ capital goods** | | **2.77** | **170.72** |
| Total | | **7,969.26** | **6,373.42** |

**Contribution to provident fund**

Pursuant to recent judgement by the Hon'ble Supreme Court dated 28 February 2019, it was held that basic wages, for the purpose of provident fund, to include special allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies.

Owing to the aforesaid uncertainty and pending clarification from the authorities in this regard, the Company has not recognised any provision for the previous years and current year. Further, management also believes that the impact of the same on the Company will not be material.

# It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements / decisions pending with various forums/authorities.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**39. Employee benefit obligations**

**A. Defined Contribution Plan**

The Company makes contributions, determined as a specified percentage of employee salaries, towards Provident Fund, Superannuation Fund, Punjab Labour Welfare Fund (PLWF) and Employee State Insurance scheme ('ESI') which are collectively defined as defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrued. The amount recognized as an expense includes following:

| | Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|---|
| a) | Employer's contribution to Provident Fund | 600.42 | 538.70 |
| b) | Employer's contribution to Superannuation Fund | 216.96 | 214.18 |
| c) | Employer's contribution to Employee State Insurance Corporation | 42.91 | 45.11 |
| d) | Punjab labour welfare fund (PLWF) | 3.26 | 3.08 |
| | | **863.55** | **801.07** |

**B. Defined benefit plan**

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Company to following risks:

*Interest rate risk:*

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase

*Salary inflation risk:*

Higher than expected increases in salary will increase the defined benefit obligation.

*Demographic risk:*

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

**(i) Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:**

| Description | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Liability for gratuity | 2,815.11 | 2,466.15 |
| Plan assets for gratuity | 2,763.36 | 2,462.51 |
| **Net defined benefit liability** | **51.75** | **3.64** |

As per Ind-AS 19, the Company does not recognise net defined benefit assets due to absences of any right to claim the surplus as refund or expected reduction in future contribution to the plan.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

(ii) **Amount recognised in the Statement of Profit and Loss is as under:**

| Description | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Current service cost * | 186.74 | 181.05 |
| Net interest cost | 0.28 | (2.94) |
| Decrease in unrecoginsed assets | - | (43.09) |
| **Expense recognised in the Statement of Profit and Loss** | **187.02** | **135.02** |
| Actuarial loss/(gain) recognised during the year | 164.55 | 50.94 |
| **Amount recognised in the total comprehensive income** | **351.57** | **185.96** |

* Current service cost includes contribution of LIC premium amounting to INR 7.01 lakhs (previous year INR 6.61 lakhs).

(iii) **Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:**

| Description | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **Present value of defined benefit obligation as at the start of the year** | **2,466.15** | **1,922.77** |
| Additions through Business Combination under common control | - | 245.93 |
| Current service cost | 179.73 | 174.44 |
| Interest cost | 187.43 | 151.73 |
| Actuarial loss/(gain) on obligation | 166.85 | 54.24 |
| Benefits paid | (185.05) | (82.96) |
| **Present value of defined benefit obligation as at the end of the year** | **2,815.11** | **2,466.15** |

(iv) **Movement in the plan assets recognised in the balance sheet is as under :**

| Description | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **Fair Value of plan assets at start of the year** | **2,462.51** | **2,014.72** |
| Additions through Business Combination under common control | - | 176.24 |
| Interest income | 187.15 | 154.67 |
| Employer contribution | 296.45 | 196.53 |
| Benefit Paid | (185.05) | (82.96) |
| Actuarial gain/(loss) on plan assets | 2.30 | 3.30 |
| **Fair Value of plan assets at the end of the year** | **2,763.36** | **2,462.50** |

(v) **Re-measurement recognised in other comprehensive income is as under :**

| Description | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Actuarial loss on defined benefit obligation | 166.85 | 54.24 |
| Return on plan assets excluding interest income | (2.30) | (3.30) |
| **Amount recognised in Other Comprehensive Income** | **164.55** | **50.94** |

(vi) **Bifurcation of actuarial (gain)/loss on defined benefit obligation :**

| Description | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Actuarial (gain)/loss from change in demographic assumption | (87.47) | 95.63 |
| Actuarial loss/(gain) from change in financial assumption | 19.34 | (60.21) |
| Actuarial loss from experience adjustment | 234.98 | 18.82 |
| **Amount recognised in the Other Comprehensive Income** | **166.85** | **54.24** |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**(vii) Actuarial assumptions**

**a. Economic assumptions**

The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. Valuation assumptions are as follows which have been selected by the company :

| Description | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Discount rate | 7.50% | 7.60% |
| Rate of increase in compensation level | 5.50% | 5.5% to 10.40% |

**b. Demographic assumptions**

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

| Description | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Mortality table | IALM (2006-08) | IALM (2006-08) |
| Retirement age | | |
| - Mr. Sudhir Chopra | 65 | 65 |
| - Mr. Kiyozumi Kamiki | - | 65 |
| - Mr. A.D. Rao | 65 | 65 |
| - Mr. Rakesh Gaind | 65 | 65 |
| - Mr. Subramanian Ganesh Iyer | 65 | 58 |
| - Others | 58 | 58 |
| Attrition rate | | |
| - Up to 30 years | 9.67% | 9.50% to 9.66% |
| - 31 to 44 years | 9.67% | 9.50% to 9.66% |
| - Above 44 years | 9.67% | 9.50% to 9.66% |

**(viii) Sensitivity analysis for gratuity liability**

| Description | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **Impact of the change in discount rate** | | |
| Present value of obligation at the end of the year | 2,815.11 | 2,466.15 |
| - Impact due to increase of 1% | (131.26) | (124.51) |
| - Impact due to decrease of 1% | 144.21 | 137.78 |
| **Impact of the change in salary increase** | | |
| Present value of obligation at the end of the year | 2,815.11 | 2,466.15 |
| - Impact due to increase of 1% | 145.63 | 138.26 |
| - Impact due to decrease of 1% | (134.86) | (127.23) |

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

Sensitivities due to mortality and withdrawals are not material and hence impact of change is not calculated. Sensivity as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy not applicable being a lump sum benefit on retirement.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**(ix) Maturity profile of defined benefit obligation**

| Description | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Within next 12 months | 378.74 | 290.98 |
| Between 1-2 years | 340.63 | 320.57 |
| Between 2-3 years | 321.27 | 244.49 |
| Between 3-4 years | 294.49 | 240.78 |
| Between 4-5 years | 285.38 | 220.77 |
| Above 5 years | 1,194.59 | 1,148.57 |
| **Total** | **2,815.10** | **2,466.16** |

**(x)** Enterprise best estimate of contribution during next year is INR 235.30 lakhs (previous year INR 174.03 lakhs).

**C. Other long-term employee benefits**

During the year ended 31 March 2019, the Company has created provision for compensated absences towards earned leave amounting to INR 259.79 lakhs (previous year expense of INR 234.24 lakhs). The Company has written back provision towards sick leave amounting to INR 13.10 lakhs (previous year INR 4.19 lakhs). The Company determines the expense for compensated absences basis the actuarial valuation of present value of the obligation, using the Projected Unit Credit Method.

**40. Related party disclosures**

For the purpose of these standalone financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

**i) Holding Company :**

| Name of party | Period |
|---|---|
| 1. JTEKT Corporation, Japan | Full year |

**ii) Subsidiary :**

| Name of party | Period |
|---|---|
| 1. JTEKT Fuji Kiko Automotive Indian Limited (formerly known as Sona Fuji Kiko Automotive Limited) | Full year |

**iii) Key management personnel :**

| Name | Period | Designation |
|---|---|---|
| 1. Mr. Hidekazu Omura | Full year | Chairman |
| 2. Mr. Kiyozumi Kamiki | up to 30 June 2018 | Managing Director |
| 3. Mr. Akihiko Kawano | w.e.f. 01 July 2018 | Managing Director |
| 4. Mr. Sudhir Chopra | Full year | Director (Corporate Affairs) & Company Secretary |
| 5. Mr. Rajiv Chanana | Full year | Chief Financial Officer |
| 6. Mr. Seiho Kawakami | up to 10 August 2018 | Director |
| 7. Mr. Hirofumi Matsuoka | w.e.f. 11 August 2018 | Director |
| 8. Mr. Ravi Bhoothalingam | Full year | Independent Director |
| 9. Lt. Gen S.S. Mehta (Retd) | Full year | Independent Director |
| 10. Mrs. Geeta Mathur | Full year | Independent Director |
| 11. Mr. Hidehito Araki | w.e.f. 11 August 2018 | Independent Director |
| 12. Mrs. Hiroko Nose | w.e.f. 11 August 2018 | Independent Director |
| 13. Mr. Ramesh Suri | up to 7 July 2018 | Independent Director |
| 14. Mr. Toshiya Miki | Full year | Nominee of Maruti Suzuki India Limited |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**iv) Other related parties :**

Fellow subsidiaries and enterprises over which key management personnel or relative of key management personnel are able to exercise significant influence

| Name of party | Period |
|---|---|
| 1. Koyo Bearings India Pvt Limited | Full year |
| 2. Maruti Suzuki India Limited | Full year |
| 3. JTEKT Thailand Co. Limited | Full year |
| 4. JTEKT Automotive (Thailand) Co. Limited | Full year |
| 5. Koyo Joint (Thailand) Co. Limited | Full year |
| 6. Koyo Machine Industries Co. Limited | Full year |
| 7. Koyo Kowa Co. Limited | Full year |
| 8. Toyoda Micromatic Machinery India Pvt. Limited | Full year |
| 9. Fuji Autotech France | Full year |
| 10. Fuji Autotech AB Sweden | Full year |
| 11. Fuji Kiko Company Ltd. | Full year |
| 12. Koyo Joint (XIAMEN) Co. Limited | Full year |
| 13. Koyo Electronics India Pvt. Limited | Full year |
| 14. PT JTEKT Indonesia | Full year |
| 15. JTEKT Automotive Lyon S.A.S. | Full year |

**v) Associates:**

| Name of party | Period |
|---|---|
| 1. Sona Skill Development Centre Limited | Up to 18 May 2017 |
| 2. JTEKT Sona Automotive India Limited | Up to 21 June 2017 |

**Transactions with the above parties:**

| Particulars | Holding Company | Subsidiary | Key management personnel | Other related parties | Associates | Total |
|---|---|---|---|---|---|---|
| **Cash discount paid** | **-** | **-** | **-** | **3.17** | **-** | **3.17** |
| *Cash discount paid (previous year)* | - | - | - | *(0.74)* | *(74.27)* | *(75.01)* |
| **Commission to director** | - | - | *50.00* | - | - | *50.00* |
| *Commission to director (Previous Year)* | - | - | *(50.00)* | - | - | *(50.00)* |
| **Corporate guarantee on loans from bank*** | **322.52** | **-** | **-** | **-** | **-** | **322.52** |
| *Corporate guarantee on loans from banks (previous year)** | *(967.55)* | - | - | - | - | *(967.55)* |
| **Director sitting fee** | **-** | **-** | **50.35** | **-** | **-** | **50.35** |
| *Director sitting fee (previous year)* | - | - | *(93.00)* | *(4.69)* | - | *(97.69)* |
| **Dividend paid** | **619.11** | **-** | **0.02** | **69.00** | **-** | **688.13** |
| *Dividend paid (previous year)* | *(700.06)* | - | *(0.10)* | *(69.00)* | - | *(769.16)* |
| **Dividend received** | **-** | **153.00** | **-** | **-** | **-** | **153.00** |
| *Dividend received* | - | *(38.25)* | - | - | - | *(38.25)* |
| **Interest income** | **-** | **-** | **-** | **6.91** | **-** | **6.91** |
| *Interest income (previous year)* | - | - | - | *(5.75)* | - | *(5.75)* |
| **Post-employment gratuity** | **-** | **-** | **88.07** | **-** | **-** | **88.07** |
| *Post-employment gratuity (previous year)* | - | - | *(93.33)* | - | - | *(93.33)* |
| **Purchase of capital goods** | **-** | **122.98** | **-** | **176.24** | **-** | **299.22** |
| *Purchase of capital goods (previous year)* | *(4.50)* | *(22.65)* | - | *(51.74)* | - | *(78.89)* |
| **Purchase of goods** | **6,684.45** | **12,932.59** | **-** | **6,352.74** | **-** | **25,969.78** |
| *Purchase of goods (previous year)* | *(5,618.44)* | *(9,763.80)* | - | *(4,821.35)* | *(1,275.72)* | *(21,479.31)* |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Particulars | Holding Company | Subsidiary | Key management personnel | Other related parties | Associates | Total |
|---|---|---|---|---|---|---|
| **Receiving of services** | **73.27** | **4.61** | **-** | **4.32** | **-** | **82.20** |
| *Receiving of services (previous year)* | *(13.41)* | *(11.44)* | *-* | *(8.75)* | *-* | *(33.60)* |
| **Reimbursement of expenses paid** | **193.85** | **1.13** | **-** | **4.26** | **-** | **199.24** |
| *Reimbursement of expenses paid (previous year)* | *(305.59)* | *(1.33)* | *(2.03)* | *(1.28)* | *-* | *(310.23)* |
| **Reimbursement of expenses recovered** | **50.82** | **17.23** | **-** | **29.84** | **-** | **97.89** |
| *Reimbursement of expenses recovered (previous year)* | *(62.22)* | *(0.32)* | *-* | *(5.89)* | *(1.30)* | *(69.73)* |
| **Rendering of services** | **-** | **-** | **-** | **-** | **-** | **-** |
| *Rendering of services (previous year)* | *-* | *-* | *-* | *-* | *(6.90)* | *(6.90)* |
| **Rent paid** | **-** | **-** | **-** | **-** | **-** | **-** |
| *Rent paid (previous year)* | *-* | *-* | *-* | *(1.20)* | *-* | *(1.20)* |
| **Rent received** | **-** | **-** | **-** | **-** | **-** | **-** |
| *Rent received (previous year)* | *-* | *-* | *-* | *-* | *(8.90)* | *(8.90)* |
| **Royalty** | **2,376.32** | **-** | **-** | **-** | **-** | **2,376.32** |
| *Royalty (previous year)* | *(1,864.01)* | *-* | *-* | *(1.87)* | *-* | *(1,865.88)* |
| **Sale of capital goods** | **-** | **22.74** | **-** | **-** | **-** | **22.74** |
| *Sale of capital goods (previous year)* | *-* | *(18.80)* | *-* | *(2.58)* | *-* | *(21.38)* |
| **Sale of goods** | **38.75** | **2,706.37** | **-** | **1,13,639.28** | **-** | **1,16,384.40** |
| *Sale of goods (previous year)* | *(59.33)* | *(2,280.56)* | *-* | *(99,736.07)* | *(2,945.69)* | *(1,05,021.65)* |
| **Security deposit received** | **-** | **-** | **-** | **-** | **-** | **-** |
| *Security deposit received (previous year)* | *-* | *-* | *-* | *-* | *(20.06)* | *(20.06)* |
| **Short-term employee benefits** | **-** | **-** | **316.75** | **-** | **-** | **316.75** |
| *Short-term employee benefits (previous year)* | *-* | *-* | *(255.64)* | *-* | *-* | *(255.64)* |
| **Technical support fee** | **973.43** | **-** | **-** | **-** | **-** | **973.43** |
| *Technical support fee (previous year)* | *(278.50)* | *-* | *-* | *-* | *-* | *(278.50)* |

Figures in bracket are in respect of the previous year (refer note 37).

| Outstanding balances | Holding Company | Subsidiary | Key management personnel | Other related parties | Associates | Total |
|---|---|---|---|---|---|---|
| **Outstanding balance as on 31 March 2019 (debit)** | **7.21** | **264.42** | **-** | **10,885.29** | **-** | **11,156.92** |
| Outstanding balance as on 31 March 2018 (debit) | (8.79) | (259.79) | - | (10,411.80) | - | (10,680.38) |
| **Outstanding balance as on 31 March 2019 (credit)** | **2,770.73** | **1,138.26** | **0.34** | **687.30** | **-** | **4,596.63** |
| Outstanding balance as on 31 March 2018 (credit) | (2,508.20) | (1,018.78) | - | (657.75) | - | (4,184.73) |

*Figures in bracket are in respect of the previous year (refer note 37)*

**Foreign currency loans of Rs. Nil (31 March 2018: Rs. 350.94 lakhs) against the corporate guarantee given by the holding company, JTEKT Corporation, Japan.*

**41. Leases**

**In case of assets taken on lease**

*Operating Lease:*

The company had taken residential properties, cars for its employees, factory and office premise under operating lease agreement having a lease term ranging from 11 months to 60 months. These leases are renewable by mutual consent on mutually agreed terms. The minimum lease payments are as follows:

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Lease payments for the year recognised in the Statement of Profit and Loss | 423.87 | 283.02 |
| **Minimum lease payments:** | | |
| - Not later than one year | 54.84 | 55.22 |
| - Later than one year but not later than five years | 29.05 | 103.20 |
| **Total** | **83.89** | **158.42** |

**42. Segment information**

The Company is engaged in the business of manufacturing and assembling of automotive components. The Board of Directors being the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. All operating segments' operating results are reviewed regularly by CODM to make decisions about resources to be allocated to the segments and assess their performance. CODM believes that these are governed by same set of risk and returns hence CODM reviews as one balance sheet component. Further, the economic environment in which the company operates is significantly similar and not subject to materially different risk and rewards. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

**Geographical information**

The Company's revenue from operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

**Revenue from Operations**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **Revenue from external customers** | | |
| India | 1,66,785.01 | 1,47,229.71 |
| Abroad | 10,524.33 | 9,298.34 |
| **Total** | **1,77,309.34** | **1,56,528.05** |

**Non current assets**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| India | 51,949.01 | 55,680.37 |
| Abroad | - | - |
| **Total** | **51,949.01** | **55,680.37** |

**Major customer**

Revenue from transactions of the Company with some of its OEM customers exceed 10 per cent or more of the Company's total revenue.

**43. Transfer pricing**

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

**44. Dividend**

The board of directors of the Company in its meeting held on 17 May 2019, proposed a dividend of INR 1,955.84 (INR 0.80 per share) to the equity shareholders. The dividend will be remitted post the approval of shareholders in the ensuing Annual General Meeting ('AGM').

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**45. Assets pledged as security**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **Current assets** | | |
| Financial assets | | |
| *Pari-passu charge* | | |
| - Trade receivables | 27,093.33 | 26,158.78 |
| - Cash and cash equivalents | 11,221.13 | 379.19 |
| - Other bank balances | 156.72 | 7,680.00 |
| - Loans | 132.51 | 96.13 |
| - Other financial assets | 798.93 | 484.75 |
| Inventories | 10,445.47 | 9,345.73 |
| Other current assets | 1,556.64 | 1,162.14 |
| **Total current assets pledged as security** | **51,404.73** | **45,306.72** |
| **Non-current assets** | | |
| *Pari-passu charge* | | |
| - Property, plant and equipment | 34,112.00 | 38,276.97 |
| - Capital work-in-progress | 876.94 | 1,953.95 |
| - Intangible assets | 5,607.68 | 5,175.64 |
| - Intangible assets under development | 55.20 | 367.37 |
| - Loans | 315.04 | 174.51 |
| - Other financial assets | 40.31 | 33.21 |
| - Income tax assets | 569.15 | 673.48 |
| - Other non-current assets | 112.84 | 393.21 |
| **Total non-current assets pledged as security** | **41,689.16** | **47,048.34** |
| **Total assets pledged as security** | **93,093.89** | **92,355.06** |

**46. Fair value disclosures**

**i) Fair values hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial statements that are

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into three levels prescribed under the accounting standard.

All financial instruments for which fair value is recognised or disclosed are categorised with in the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### ii) Financial instruments by category & fair value

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments.

| Particulars | Note | Level of hierarchy | As at 31 March 2019 | | | | As at 31 March 2018 Re-presented (refer note 37) | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Carrying amount | FVTPL | FVOCI | Amortised cost | Carrying amount | FVTPL | FVOCI | Amortised cost |
| **Financial assets** | | | | | | | | | | |
| **Non current** | | | | | | | | | | |
| Loans | | | | | | | | | | |
| - Security deposits | b | | 304.13 | - | - | 304.13 | 168.90 | - | - | 168.90 |
| - Loan to employees | b | | 10.91 | - | - | 10.91 | 5.61 | - | - | 5.61 |
| Other financial assets | | | | | | | | | | |
| - Bank deposits with maturity after 12 months from the reporting date | b | | - | - | - | - | 32.14 | - | - | 32.14 |
| - Interest accrued but not due on deposits | b | | - | - | - | - | 1.07 | - | - | 1.07 |
| - Interest rate swaps used for hedging | d | 2 | 40.31 | - | 40.31 | - | - | - | - | - |
| **Current** | | | | | | | | | | |
| Trade receivables | a | | 27,093.33 | - | - | 27,093.33 | 26,158.78 | - | - | 26,158.78 |
| Cash and cash equivalents | a | | 11,221.13 | - | - | 11,221.13 | 379.19 | - | - | 379.19 |
| Other bank balances | a | | 156.72 | - | - | 156.72 | 7,680.00 | - | - | 7,680.00 |
| Loans | | | - | | | | - | | | |
| - Security deposits | a | | 68.64 | - | - | 68.64 | 66.87 | - | - | 66.87 |
| - Loan to employees | a | | 63.87 | - | - | 63.87 | 29.26 | - | - | 29.26 |
| Other financial assets | | | | | | | | | | |
| - Interest accrued but not due on deposits | a | | 8.55 | - | - | 8.55 | 59.72 | - | - | 59.72 |
| - Forward exchange contracts used for hedging | d | 2 | - | - | - | - | 45.62 | 45.62 | - | - |
| - Interest rate swaps used for hedging | d | 2 | 52.40 | - | 52.40 | - | - | - | - | - |
| - Unbilled revenue | a | | 737.98 | - | - | 737.98 | 379.41 | - | - | 379.41 |
| **Total** | | | **39,757.97** | **-** | **92.71** | **39,665.26** | **35,006.57** | **45.62** | **-** | **34,960.95** |

**Note:** Investment in equity instrument of subsidiary is measured at cost as per Ind AS 27, "Separate financial statements" and hence, not presented here.

| Particulars | Note | Level of hierarchy | As at 31 March 2019 | | | | As at 31 March 2018 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Carrying Amount | FVTPL | FVOCI | Amortised cost | Carrying Amount | FVTPL | FVOCI | Amortised cost |
| **Financial liabilities** | | | | | | | | | | |
| **Non current** | | | | | | | | | | |
| Borrowings | c | | 4,744.93 | - | - | 4,744.93 | 9,851.15 | - | - | 9,851.15 |
| Other financial liabilities | | | | | | | | | | |
| - Security deposits | b | - | - | - | - | - | 3.00 | - | - | 3.00 |
| - Interest rate swaps used for hedging | d | 2 | - | - | - | - | 45.40 | - | 45.40 | - |
| **Current** | | | | | | | | | | |
| Borrowings | c | | 8,887.62 | - | - | 8,887.62 | 7,416.66 | - | - | 7,416.66 |
| Trade payable | | | | | | | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | a | | 247.34 | - | - | 247.34 | 188.35 | - | - | 188.35 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | a | | 20,882.57 | - | - | 20,882.57 | 18,266.51 | - | - | 18,266.51 |
| Other financial liabilities | | | | | | | | | | |
| - Current maturities of long-term borrowings | a | | 5,205.72 | - | - | 5,205.72 | 5,951.12 | - | - | 5,951.12 |
| - Interest accrued but not due on borrowings | a | | 23.09 | - | - | 23.09 | 53.38 | - | - | 53.38 |
| - Security deposits | a | | 46.69 | - | - | 46.69 | 28.74 | - | - | 28.74 |
| - Unclaimed dividends | a | | 230.91 | - | - | 230.91 | 221.46 | - | - | 221.46 |
| - Forward exchange contracts used for hedging | d | 2 | 96.03 | 96.03 | - | - | - | - | - | - |
| - Interest rate swaps used for hedging | d | 2 | - | - | - | - | 17.54 | - | 17.54 | - |
| - Employee dues | a | | 1,092.18 | - | - | 1,092.18 | 1,320.50 | - | - | 1,320.50 |
| - Creditors for capital goods | a | | 449.03 | - | - | 449.03 | 892.82 | - | - | 892.82 |
| **Total** | | | **41,906.11** | **96.03** | **-** | **41,810.08** | **44,256.63** | **-** | **62.94** | **44,193.69** |

a. Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

b. Fair value of non-current financial assets and liabilities have not been disclosed as there is no significant differences between carrying value and fair value.

c. Fair value of borrowing is considered to be the same as its carrying value, as there is no change in the lending rates.

d. Fair value of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The model incorporate various inputs include the credit quality of counter-parties and foreign exchange forward rates.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2019 and 31 March 2018.

**47. Financial risk management**

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the Board of Directors. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The Company is primarily engaged in the manufacturing steering systems and other auto componets for passenger and utlity vehicle manufactures. The Company's principal financial liabilities, comprises loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to support the Company's operations. The Company's principal financial assets include investments in equity, trade and other receivables, security deposits, cash and employee advances that derive directly from its operations. The Company also enters into derivative transactions viz. Cost Currency Interest Rate Swap and Principal and Interest Swaps.

The Company has exposure to the following risks arising from financial instruments :

- Credit risk [see (A)];
- Liquidity risk [see (B)]; and .
- Market risk [see (C)].

**Risk Management Framework**

The Company's activities makes it susceptible to various risks. The company has taken adequate measures to address such concerns by developing adequate systems and practices. The Company's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Company's financial performance.

The Company's senior management oversee the management of these risks and advises on financial risks and the appropriate financial risk governance framework for the Company. The Board provides assurance to the shareholders that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The Company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and company's activities. The company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

| Risk | Exposure arising from | Measurement | Management of risk |
|---|---|---|---|
| Credit Risk | Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost. | Ageing analysis,Credit ratings | Diversification of bank deposits, credit limits and letter of credit. |
| Liquidity Risk | Borrowings and liabilities | Cash flow forecasting, sensitivity analysis | Availability of borrowing facilities, forward contracts, CCIRS. |
| Market risk - foreign currency risk | Future commercial transactions, recognised financial liabilities not denominates in Indian Rupee (INR) | Cash flow forecasting, sensitivity analysis | Cross currency principal interest swaps |
| Market risk – interest rate risk | Long-term borrowings at variable rates | Sensitivity analysis | Cross currency principal interest swaps |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

A) **Credit risk**

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

*Trade receivables*

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of balance sheet position whether a financial asset or a company of financial assets is impaired. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Company's exposure to customers is diversified and more than 90% revenue is recognised from OEM's. However there was no default on account of these customers in the history of Company.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits to customer. Limits and scoring attributed to customers are reviewed on periodic basis.

The Company performs credit assessment for customers on an annual basis and recognizes credit risk, on the basis lifetime expected losses and where receivables are due for more than six months.

*Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

(a) **Financial assets for which allowance is measured using 12 months expected credit losses.**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Loans | 132.51 | 96.13 |
| Other financial assets | 798.93 | 484.75 |

(b) **The ageing analysis of trade receivables for which loss allowance is measured using Life time expeceted credit losses as at the reporting data is as follows:**

| Particulars | As at 31 March 2019 | 0-6 months | 6-12 months | More than 12 months |
|---|---|---|---|---|
| Gross carrying amount | 27,093.33 | 27,054.49 | 9.15 | 29.69 |
| Expected credit loss (Loss allowance provision) | - | - | - | - |
| Carrying amount of trade receivables | 27,093.33 | 27,054.49 | 9.15 | 29.69 |

| Particulars | As at 31 March 2018 Re-presented (refer note 37) | 0-6 months | 6-12 months | More than 12 months |
|---|---|---|---|---|
| Gross carrying amount | 26,158.78 | 26,084.13 | 59.52 | 15.13 |
| Expected credit loss (Loss allowance provision) | - | - | - | - |
| Carrying amount of trade receivables | 26,158.78 | 26,084.13 | 59.52 | 15.13 |

(c) **The Company's exposure to credit risk for trade receivable by geographic region is as follows:**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| India | 24,843.88 | 24,536.41 |
| USA | 1,972.15 | 1,477.84 |
| France | 236.09 | 144.53 |
| Japan | 7.03 | - |
| UK | 31.69 | - |
| Korea | 2.49 | - |
| **Total** | **27,093.33** | **26,158.78** |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

*Financial instruments and cash deposits*

Credit risk from balances with banks and financial institutions is managed by the Corporate finance department in accordance with the Company's policy. Investments of surplus funds are made only in schemes of alternate investment fund/or other appropriate avenues including term and recurring deposits with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company places its cash and cash equivalents and term deposits with banks with high investment grade ratings, limits the amount of credit exposure with any one bank and conducts ongoing evaluation of the credit worthiness of the banks with which it does business. Given the high credit ratings of these banks, the Company does not expect these banks to fail in meeting their obligations. The maximum exposure to credit risk for the components of the balance sheet at 31 March 2019 and 31 March 2018 is represented by the carrying amount of each financial asset.

**B) Liquidity risk**

Liquidity risk refers to the risk that the company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, buyers credit and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments and includes contractual interest payments:

| 31 March 2019 | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying value as at 31 March 2019 | Less than 1 year | 1-2 year | 2-3 year | More than 3 years |
| **Non derivative financial liabilities** | | | | | |
| Borrowings (Including interest accrued but not due on borrowings) | 18,861.36 | 14,809.63 | 2,937.41 | 1,403.98 | 886.35 |
| Trade payables | 21,129.91 | 21,129.91 | - | - | - |
| Other financial liabilities | | | | | |
| - Security deposits | 46.69 | 46.69 | - | - | - |
| - Unclaimed dividends | 230.91 | 230.91 | - | - | - |
| - Employee dues | 1,092.18 | 1,092.18 | - | - | - |
| - Creditors for capital goods | 449.03 | 449.03 | - | - | - |
| **Derivative financial liabilities** | | | | | |
| Other financial liabilities | | | | | |
| - Forward exchange contarcts used for hedging | 96.03 | 96.03 | - | - | - |
| - Interest rate swaps used for hedging | - | - | - | - | - |
| **Total** | **41,906.11** | **37,854.38** | **2,937.41** | **1,403.98** | **886.35** |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| 31 March 2018 | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying value as at 31 March 2018 Re-presented (refer note 37) | Less than 1 year | 1-2 year | 2-3 year | More than 3 years |
| **Non derivative financial liabilities** | | | | | |
| Borrowings (Including interest accrued but not due on borrowings) | 23,272.31 | 14,610.04 | 5,846.30 | 2,911.46 | 2,279.41 |
| Trade payables | 18,454.86 | 18,454.86 | - | - | - |
| Other financial liabilities | | | | | |
| - Security deposits | 31.74 | 28.74 | 3.00 | - | - |
| - Unclaimed dividends | 221.46 | 221.46 | - | - | - |
| - Employee dues | 1,320.50 | 1,320.50 | - | - | - |
| - Creditors for capital goods | 892.82 | 892.82 | - | - | - |
| **Derivative financial liabilities** | | | | | |
| Other financial liabilities | | | | | |
| - Forward exchange contarcts used for hedging | - | - | - | - | - |
| - Interest rate swaps used for hedging | 62.94 | 17.54 | 45.40 | - | - |
| **Total** | **44,256.63** | **35,545.96** | **5,894.70** | **2,911.46** | **2,279.41** |

**C) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises following types of risk: interest rate risk, currency risk and price risk. Financial instruments affected by market risk include loans and borrowings, investment, deposits, advances and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2019 and 31 March 2018. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of floating to fixed interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant in place at 31 March 2019.

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

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2019 and 31 March 2018.

**a) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and borrowings in foreign currency (ECB borrowings).

The Company manages its foreign currency risk by entering into derivatives. When a derivative is entered into for the purpose of hedging, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

(i) **Foreign currency risk exposure**

Details of unhedged foreign currency exposures is as follows:

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Particulars | As at 31 March 2019 | | As at 31 March 2018 Re-presented (refer note 37) | |
|---|---|---|---|---|
| | Foreign currency | Rupee INR | Foreign currency | Rupee INR |
| **Financial assets** | | | | |
| Receivables (trade & others) | | | | |
| USD | 29.17 | 2,006.41 | 22.98 | 1,477.84 |
| EURO | 3.08 | 236.09 | 1.83 | 144.53 |
| JPY | 11.35 | 7.00 | 14.04 | 8.46 |
| **Financial liabilities** | | | | |
| Payables (trade & others) | | | | |
| USD | 1.59 | 110.97 | 6.03 | 396.79 |
| EURO | 0.49 | 38.55 | 0.33 | 26.59 |
| JPY | 263.65 | 166.89 | 883.21 | 549.27 |
| CHF | - | - | 0.05 | 3.22 |
| **Borrowings - others** | | | | |
| USD | 27.36 | 1,905.13 | 10.26 | 675.18 |

The outstanding forward exchange contracts and currency swap & interest rate swap contracts as at the end of the year entered by the Company for the purpose of hedging its foreign currency exposures are as follows:

| Particulars | As at 31 March 2019 | | As at 31 March 2018 Re-presented (refer note 37) | |
|---|---|---|---|---|
| | Foreign currency | Rupee INR | Foreign currency | Rupee INR |
| **Financial liabilities** | | | | |
| Payables (trade & others) | | | | |
| USD | 5.79 | 403.01 | 8.28 | 544.78 |
| JPY | 4,024.07 | 2,547.24 | 3,455.93 | 2,149.25 |
| CHF | 0.36 | 25.39 | 0.21 | 14.32 |
| **Borrowings - ECB** | | | | |
| USD | 27.06 | 1,896.82 | 55.19 | 3,658.85 |

The following significant exchange rates were applied at the year end:

| Particulars | Year end rates | |
|---|---|---|
| | As at 31 March 2019 | As at 31 March 2018 |
| **Financial assets** | | |
| Receivables (trade & others) | | |
| USD / INR | 68.78 | 64.30 |
| EURO / INR | 76.69 | 78.77 |
| JPY / INR | 0.62 | 0.60 |
| **Financial liabilities** | | |
| Payables (trade & others) | | |
| USD / INR | 69.63 | 65.80 |
| EURO / INR | 78.68 | 81.26 |
| JPY / INR | 0.63 | 0.62 |
| CHF / INR | - | 69.26 |
| **Borrowings - ECB & Others** | | |
| USD / INR | 69.63 | 65.80 |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**Sensitivity analysis**

Any changes in the exchange rate of foreign currency against INR is not expected to have significant impact on the Company's profit due to the short credit period. Accordingly, a 1% appreciation/depreciation of the INR as indicated below, against the foreign currencies would have increased/reduced profit by the amounts shown below. This analysis is based on the foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variable remains constant.

| Particulars | Statement of profit and loss or Other comprehensive income | Currency | Exchange rate increase by 1% | | Exchange rate decrease by 1% | |
|---|---|---|---|---|---|---|
| | | | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
| Receivables (trade & others) | Statement of profit and loss | USD | 20.34 | 14.78 | (20.06) | (14.78) |
| | Statement of profit and loss | EURO | 2.36 | 1.45 | (2.36) | (1.45) |
| | Statement of profit and loss | JPY | 0.07 | 0.08 | (0.07) | (0.08) |
| Payables (trade & others) | Statement of profit and loss | USD | 1.11 | 3.97 | (1.11) | (3.97) |
| | Statement of profit and loss | EURO | 0.39 | 0.27 | (0.39) | (0.27) |
| | Statement of profit and loss | JPY | 1.67 | 5.49 | (1.67) | (5.49) |
| | Statement of profit and loss | CHF | - | 0.03 | - | (0.03) |
| Borrowings - others | Statement of profit and loss | USD | 19.05 | 6.75 | (19.05) | (6.75) |

(ii) **Foreign exchange derivative contracts**

The Company tries to mitigate foreign exchange risk by entering into appropriate hedging instruments as considered necessary from time to time. Depending on the future outlook on currencies, the Company may keep the exposures unhedged or hedged only as a part of the total exposure. The Company does not enter into a foreign exchange derivative transactions for speculative purposes.

The following table details the foreign currency derivative contracts outstanding at the end of the reporting period:

| Category of derivative instrument | Purpose of derivative instrument | Currency | Outstanding principal (in Foreign currency) As at 31 March 2019 | Outstanding principal (in Foreign currency) As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|---|---|
| Currency swap & interest rate swap | Hedge against exposure on loan repayment for USD loan and its interest payments. The interest rate has been swapped to pay fixed interest | USD | 27.06 | 55.19 |
| Forward contacts | Hedge taken for the purpose of hedging its foreign currency exposures in trade payables / trade receivables | USD | 5.79 | 8.28 |
| Forward contacts | Hedge taken for the purpose of hedging its foreign currency exposures in trade payables / trade receivables | JPY | 4,024.07 | 3,455.93 |
| Forward contacts | Hedge taken for the purpose of hedging its foreign currency exposures in trade payables / trade receivables | CHF | 0.36 | 0.21 |

b) **Interest rate risk**

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

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

The Company enters Cross Currency Interest Rate Swaps to manage its Forex and interest rate risk, in which it agrees to exchange, at specified intervals, the difference between floating and fixed rate interest amounts calculated by reference to an agreed-upon notional principal amount.

(i) **Liabilities**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2018, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in Fixed Deposits all pay fixed interest rates.

*Interest rate risk exposure*

Below is the overall exposure of the Company to interest rate risk:

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Variable rate borrowing | 16,941.45 | 19,562.74 |
| Fixed rate borrowing | 1,896.82 | 3,656.19 |
| **Total borrowings** | **18,838.27** | **23,218.93** |

*Sensitivity*

Below is the sensitivity of profit or loss and equity changes in interest rates.

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **Interest sensitivity*** | | |
| Interest rates – increase by 50 bps basis points | 84.71 | 97.81 |
| Interest rates – decrease by 50 bps basis points | (84.71) | (97.81) |

* Holding all other variables constant

(ii) **Assets**

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c) **Equity Price risk**

The Company's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

**48. Capital management**

**i) The Company' s capital management objectives are**

The Board policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital employed, as well as the level of dividends to equity shareholders. The Company manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. The Company uses debt ratio as a capital management index and calculates the ratio as Net debt divided by total equity. Net debt and total equity are based on the amounts stated in the financial statements.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| Total borrowings (includes non-current borrowings, current borrowings and current maturities of non-current borrowings) | 18,838.27 | 23,218.93 |
| Less : cash and cash equivalent | (11,221.13) | (379.19) |
| **Net debt** | **7,617.14** | **22,839.74** |
| Total equity | 57,324.15 | 52,863.39 |
| **Debt ratio** | **0.13** | **0.43** |

ii) **Loan covenants**

The term loan arrangements contain certain capital restrictions to be complied including debt-service coverage ratio, interest coverage ratio, current ratio, fixed asset coverage ratio, return on capital employed, net borrowings to EBITDA ratio etc. In case of any deviation from the capital restrictions as defined in the loan agreements, the Company is liable to communicate the same to respective banks, which may either be waived by the banks if not material or Company shall take necessary action to meet the requisite conditions. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period which would require the banks to recall any borrowings.

iii) **Dividend**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 37) |
|---|---|---|
| **Dividend not recognised at the end of the reporting period:** | | |
| Proposed final dividend per share INR 0.80 (31 March 2018: INR 0.50 per share) | 1,955.84 | 993.71 |

**49. Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosures.**

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm Registration no. : 101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership no. : 095109

Place : Gurugram
Date : 17 May 2019

For and on behalf of the Board of Directors of
**JTEKT India Limited**
**(Formerly known as Sona Koyo Steering Systems Limited)**

**Hiroshi Ii**
*Chairman*
DIN 08385716

**Akihiko Kawano**
*Managing Director*
DIN 08160588

**Sudhir Chopra**
*Director (Corporate Affairs) and Company Secretary*
DIN 00058148

**Rajiv Chanana**
*Chief Financial Officer*

Place : Gurugram
Date : 17 May 2019

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF JTEKT INDIA LIMITED ('FORMERLY KNOWN AS SONA KOYO STEERING SYSTEMS LIMITED)

**Report on the Audit of Consolidated Financial Statements**

**1. Opinion**

We have audited the consolidated financial statements of JTEKT India Limited ('formerly known as Sona Koyo Steering Systems Limited), (hereinafter referred to as the 'Company' or 'Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of 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 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

**2. Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**3. 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, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

| **Revenue Recognition**<br>**See note 2.4 (i) to the Consolidated Financial statements** | |
|---|---|
| **Key Audit Matter Description** | **How the matter was addressed** |
| As disclosed in Note 22 and 23 to the Consolidated Financial Statements, the Group's revenue from operations for the year ended 31 March 2019 was INR 176,560.99 Lacs (Previous year 156,732.26).<br><br>Revenue is significant to the Consolidated Financial Statements and is considered as one of the key performance indicators of the Company. There may be risks of material misstatements related to revenue recognition due to which the completeness, existence and accuracy of revenue recognition is identified as a key audit matter. | In view of the significance of the matter, we applied the following audit procedures in this area, amongst others to obtain sufficient and appropriate audit evidence:<br><br>• Obtained an understanding and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;<br>• On a sample basis, making selections from sales entries and tracing to their contracts, invoices, delivery challans and goods outward register;<br>• Trade receivables outstanding at the year end. Selecting a sample of trade receivables and assessing their recoverability with reference to post year end remittances;<br>• Selecting a sample of transactions recorded during the year and assessing whether revenue has been recognised in the correct period with reference to supporting invoices, terms and conditions with customers and remittances; and<br>• Assessing the appropriateness of unbilled revenue as at the year end with reference to post year end billings and remittances. |

| Accounting for Business Combination<br>See note 36 to the Consolidated Financial Statements | |
|---|---|
| **Key Audit Matter Description** | **How the matter was addressed** |
| During the year, the National Company Law Tribunal, New Delhi ('NCLT') approved the amalgamation of Company's associate, JTEKT Sona Automotive India Limited ('JSAI') with the Company with effect from the appointed date, i.e., 1 April 2018.<br><br>We identified the accounting of the business combination as a key audit matter because the accounting of such arrangement is complex and involves judgement and assumptions used in determining the accounting thereof. | With respect to the accounting treatment for Business Combination, we have performed the following procedures:<br>• Obtained and examined the Scheme of Amalgamation;<br>• Obtained accounting analysis of the Business Combination from Management and reviewed the same in light of the Company's accounting policies and applicable accounting standards;<br>• Performed audit procedures on accounting entries of the transaction; and<br>• Assessed the appropriateness and adequacy of the related disclosures in the Consolidated Financial Statements. |
| **New ERP Environment** | |
| **Key Audit Matter Description** | **How the matter was addressed** |
| During the year, the Company has upgraded to a new ERP system. The implementation introduced heightened risk as controls and processes that have been established and embedded over a number of years were updated and migrated into the new environment.<br><br>There was an increased risk of breakdown in internal financial controls during the transition and an increased risk of inaccurate or incomplete migration of financial data, which in turn increased the risk of material misstatements in the Company financial statements. | In view of the significance of the matter, we applied the following audit procedures in this area, amongst others to obtain sufficient appropriate audit evidence:<br>• Obtained an understanding of management's project governance and data migration plan;<br>• We have involved our internal Subject Matter Expert in evaluating certain controls over the migration and go-live processes, IT general controls and automated controls within the new environment; and<br>• We also independently verified the migration of data for a sample of general ledger, sub-level and transaction level items. |

## 4. Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## 5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the 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 consolidated 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 management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company 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 respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

6. **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 control 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 with reference to financial statements 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 in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 (company and subsidiary) 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 such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditors 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 auditors' 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.

7. **Other matters**

We draw attention to note 36 if the Consolidated Financial Statements which describes in detail that the Scheme of Arrangement ('Scheme') for merger of Company's associate, JTEKT Sona Automotive India Limited ('JSAI') with the Company has been approved by the Principal Bench of National Company Law Tribunal, New Delhi ('NCLT') vide its order dated 7 March 2019. The Scheme is effective from the appointed date of 1 April 2018, and the merger being a common control business combination, the comparative have been re-presented to record the merger from 22 June 2017 (i.e. the date when JTEKT Corporation, Japan acquired control over the Company). Accordingly, figures of JSAI has been included in all the periods presented in the Consolidated Financial Statements. Our opinion is not modified in respect of this matter.

8. **Report on Other Legal and Regulatory Requirements**

A. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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), the consolidated statement of changes in equity and the consolidated statement of cash flows 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.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2019 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 with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group. Refer Note 37 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary company during the year ended 31 March 2019.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us , the remuneration paid during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm's Registration No. :101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership No. :095109

Place: Gurugram
Date: 17 May 2019

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JTEKT INDIA LIMITED ('FORMERLY KNOWN AS SONA KOYO STEERING SYSTEMS LIMITED) FOR THE PERIOD ENDED 31 MARCH 2019

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph 8(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2109, we have audited the internal financial controls with reference to consolidated financial statements of JTEKT India Limited ('formerly known as Sona Koyo Steering Systems Limited) (hereinafter referred to as "the Holding Company") and such company incorporated in India under the Companies Act, 2013 which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's Responsibility for Internal Financial Controls**

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 the 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 (hereinafter referred to as "the Act").

**Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

**Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements 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.

**Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm's Registration No. :101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership No. :095109

Place: Gurugram
Date: 17 May 2019

# CONSOLIDATED BALANCE SHEET
## AS AT 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Particulars | Notes | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3A | 47,229.17 | 49,700.26 |
| Capital work-in-progress | 3A | 937.75 | 2,141.76 |
| Intangible assets | 3B | 6,043.94 | 5,229.14 |
| Intangible assets under development | 3B | 55.20 | 367.37 |
| Financial assets | | | |
| (i) Loans | 4 | 325.99 | 185.01 |
| (ii) Other financial assets | 5 | 40.31 | 33.21 |
| Income tax assets | 6 | 569.51 | 673.48 |
| Other non-current assets | 7 | 133.09 | 365.48 |
| **Total non-current assets** | | **55,334.96** | **58,695.71** |
| **Current assets** | | | |
| Inventories | 8 | 11,205.12 | 10,080.44 |
| Financial assets | | | |
| (i) Trade receivables | 9 | 26,828.91 | 25,795.70 |
| (ii) Cash and cash equivalents | 10 | 12,212.44 | 735.11 |
| (iii) Other bank balances | 11 | 156.72 | 7,680.00 |
| (iv) Loans | 4 | 132.93 | 96.55 |
| (v) Other financial assets | 5 | 798.93 | 484.75 |
| Other current assets | 12 | 1,617.95 | 1,209.03 |
| **Total current assets** | | **52,953.00** | **46,081.58** |
| **Total assets** | | **108,287.96** | **104,777.29** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 13 | 2,444.80 | 1,987.42 |
| Other equity | 14 | 56,845.85 | 52,454.62 |
| **Equity attributable to the owners of the company** | | **59,290.65** | **54,442.04** |
| **Non-controlling interests** | | **2,434.39** | **2,058.20** |
| **Total Equity** | | **61,725.04** | **56,500.24** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 15A | 4,744.93 | 9,856.82 |
| (ii) Other financial liabilities | 16 | - | 48.40 |
| Provisions | 17 | 907.64 | 907.18 |
| Deferred tax liabilities (net) | 18 | 1,113.03 | 1,397.80 |
| **Total non-current liabilities** | | **6,765.60** | **12,210.20** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 15B | 8,887.62 | 7,416.66 |
| (ii) Trade payables | 19 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 280.26 | 188.35 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 20,492.62 | 17,981.11 |
| (iii) Other financial liabilities | 16 | 7,632.33 | 8,558.51 |
| Provisions | 17 | 510.87 | 415.59 |
| Other current liabilities | 20 | 1,905.12 | 1,028.36 |
| Income tax liabilities | 21 | 88.50 | 478.27 |
| **Total current liabilities** | | **39,797.32** | **36,066.85** |
| **Total liabilities** | | **46,562.92** | **48,277.05** |
| **Total equity and liabilities** | | **108,287.96** | **104,777.29** |
| Significant accounting policies | 2 | | |

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm Registration no. : 101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership no. : 095109

Place : Gurugram
Date : 17 May 2019

For and on behalf of the Board of Directors of
**JTEKT India Limited**
**(Formerly known as Sona Koyo Steering Systems Limited)**

**Hiroshi Ii**
*Chairman*
DIN 08385716

**Akihiko Kawano**
*Managing Director*
DIN 08160588

**Sudhir Chopra**
*Director (Corporate Affairs) and Company Secretary*
DIN 00058148

**Rajiv Chanana**
*Chief Financial Officer*

Place : Gurugram
Date : 17 May 2019

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Particulars | Notes | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 22 | 175,396.58 | 156,031.28 |
| **Other income** | 23 | 1,164.41 | 700.98 |
| **Total income (I)** | | **176,560.99** | **156,732.26** |
| **Expenses** | | | |
| Cost of raw materials and components consumed | 24 | 114,689.58 | 96,322.55 |
| Purchases of stock-in-trade | 25 | 834.41 | 1,219.48 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 26 | 120.77 | 218.26 |
| Excise duty on sale of goods | | - | 4,104.05 |
| Employee benefit expenses | 27 | 19,387.55 | 17,751.31 |
| Finance costs | 28 | 1,555.11 | 2,144.73 |
| Depreciation and amortisation expense | 29 | 9,594.64 | 9,605.11 |
| Other expenses | 30 | 18,200.27 | 15,128.35 |
| **Total expenses (II)** | | **164,382.33** | **146,493.84** |
| **Profit from continuing operations before share of profit of equity accounted investees and income tax (III = I - II)** | | **12,178.66** | **10,238.42** |
| **Share of profit of associates accounted for using equity method, net (IV) (refer note 36)** | | **-** | **195.92** |
| **Profit before tax (V= III + IV)** | | **12,178.66** | **10,434.34** |
| **Tax expenses** | | | |
| - Current tax | | 4,632.01 | 4,548.60 |
| - Deferred tax credit | | (279.51) | (955.21) |
| **Total tax expenses (VI)** | 31 | **4,352.50** | **3,593.39** |
| **Profit for the year (VII = V - VI)** | | **7,826.16** | **6,840.95** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Re-measurement loss on defined benefit plans | | (160.40) | (45.57) |
| Income tax relating to the above | | 56.29 | 17.19 |
| **Items that will be reclassified to profit or loss** | | | |
| Effective portion of gain/(loss) on cash flow hedge instruments | | 146.07 | (169.73) |
| Income tax relating to above | | (51.04) | 59.37 |
| **Total other comprehensive income for the year (net of tax) (VIII)** | | **(9.08)** | **(138.74)** |
| **Total comprehensive income for the year (IX=VII+VIII) (Comprising Profit and Other Comprehensive Income for the year)** | | **7,817.08** | **6,702.21** |
| **Profit for the year attributable to** | | | |
| (a) Owners of the Company | | 7,274.19 | 6,376.11 |
| (b) Non controlling interest | | 551.97 | 464.84 |
| | | **7,826.16** | **6,840.95** |
| **Other comprehensive income for the year attributable to** | | | |
| (a) Owners of the Company | | (10.52) | (140.60) |
| (b) Non controlling interest | | 1.44 | 1.86 |
| | | **(9.08)** | **(138.74)** |
| **Total comprehensive income for the year** | | | |
| (a) Owners of the Company | | 7,263.67 | 6,235.51 |
| (b) Non controlling interest | | 553.41 | 466.70 |
| | | **7,817.08** | **6,702.21** |
| **Earnings per equity share :** | 32 | | |
| Basic - Par value of INR 1 per share | | 2.98 | 2.72 |
| Diluted - Par value of INR 1 per share | | 2.98 | 2.72 |
| Significant accounting policies | 2 | | |

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm Registration no. : 101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership no. : 095109

Place : Gurugram
Date : 17 May 2019

For and on behalf of the Board of Directors of
**JTEKT India Limited**
**(Formerly known as Sona Koyo Steering Systems Limited)**

**Hiroshi Ii**
*Chairman*
DIN 08385716

**Akihiko Kawano**
*Managing Director*
DIN 08160588

**Sudhir Chopra**
*Director (Corporate Affairs) and Company Secretary*
DIN 00058148

**Rajiv Chanana**
*Chief Financial Officer*

Place : Gurugram
Date : 17 May 2019

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**A. Equity share capital**

| Particulars | Note | Equity Shares No. of shares in Lakhs | Amount |
|---|---|---|---|
| **Balance as at 1 April 2018** | 13 | **1,987.42** | **1,987.42** |
| Issued during the year | | 457.38 | 457.38 |
| **Balance as at 31 March 2019** | | **2,444.80** | **2,444.80** |

**B. Other equity**

| Particulars | Attributable to owners of the Company | | | | | | | Total attributable to owners of the Company | Attributable to non controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Reserves and surplus | | | | | Items of other comprehensive income | | | | |
| | Securities Premium | General reserve | Capital reserve * | Share pending issuance * | Retained earnings | Re-measurement of employee benefit obligations | Effective portion of cash flow hedges | | | |
| **Balance as at 31 March 2017** | **8,070.76** | **8,190.71** | **0.43** | **-** | **20,050.37** | **-** | **-** | **36,312.27** | **1,635.73** | **37,948.00** |
| Profit for the year | - | - | - | - | 6,376.11 | - | - | 6,376.11 | 464.84 | 6,840.95 |
| Other comprehensive income (net of tax) | - | - | - | - | - | (30.24) | (110.36) | (140.60) | 1.86 | (138.74) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **6,376.11** | **(30.24)** | **(110.36)** | **6,235.51** | **466.70** | **6,702.21** |
| **Transferred to retained earnings** | - | - | - | - | (30.24) | 30.24 | - | - | - | - |
| Additions through business combination under common control * | - | - | 2,433.80 | 457.38 | 8,211.79 | - | - | 11,102.97 | - | 11,102.97 |
| Contribution by and distribution to owner | | | | | | | | | | |
| Dividend on equity shares | - | - | - | - | (993.82) | - | - | (993.82) | (36.75) | (1,030.57) |
| Dividend Distribution Tax (DDT) - refer note 1 | - | - | - | - | (202.31) | - | - | (202.31) | (7.48) | (209.79) |
| **Balance as at 31 March 2018** | **8,070.76** | **8,190.71** | **2,434.23** | **457.38** | **33,411.90** | **-** | **(110.36)** | **52,454.62** | **2,058.20** | **54,512.82** |
| Profit for the year | - | - | - | - | 7,274.19 | - | - | 7,274.19 | 551.97 | 7,826.16 |
| Other comprehensive income (net of tax) | - | - | - | - | - | (105.55) | 95.03 | (10.52) | 1.44 | (9.08) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **7,274.19** | **(105.55)** | **95.03** | **7,263.67** | **553.41** | **7,817.08** |
| **Transferred to retained earnings** | **-** | **-** | **-** | **-** | **(105.55)** | **105.55** | **-** | **-** | **-** | **-** |
| Deletion during the year | - | - | - | (457.38) | - | - | - | (457.38) | - | (457.38) |
| Contribution by and distribution to owner | | | | | | | | | | |
| Dividend on equity shares | - | - | - | - | (1,861.18) | - | - | (1,861.18) | (147.00) | (2,008.18) |
| Dividend Distribution Tax (DDT) - refer note 1 | - | - | - | - | (553.88) | - | - | (553.88) | (30.22) | (584.10) |
| **Balance as at 31 March 2019** | **8,070.76** | **8,190.71** | **2,434.23** | **-** | **38,165.48** | **-** | **(15.33)** | **56,845.85** | **2,434.39** | **59,280.24** |

**Notes:**

1. During the year ended 31 March 2019 and 31 March 2018, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. DDT represents additional payment to taxation authorities on behalf of the shareholders. Hence DDT paid is charged to equity.
2. Refer note 14 for nature and purpose of other equity.

* Refer note 36

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm Registration no. : 101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership no. : 095109

Place : Gurugram
Date : 17 May 2019

For and on behalf of the Board of Directors of
**JTEKT India Limited**
**(Formerly known as Sona Koyo Steering Systems Limited)**

**Hiroshi Ii**
*Chairman*
DIN 08385716

**Akihiko Kawano**
*Managing Director*
DIN 08160588

**Sudhir Chopra**
*Director (Corporate Affairs) and Company Secretary*
DIN 00058148

**Rajiv Chanana**
*Chief Financial Officer*

Place : Gurugram
Date : 17 May 2019

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| | Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|---|
| A | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| 1 | **Profit before tax** | **12,178.66** | **10,238.42** |
| 2 | **Adjustments for:** | | |
| | Depreciation and amortisation expense | 9,594.64 | 9,605.11 |
| | Interest income | (783.21) | (411.86) |
| | Gain on disposal of property, plant and equipment (net) | (23.40) | (55.81) |
| | Provision on obsolescence of inventory | 39.71 | 285.59 |
| | Gain on sale of trade investment held for sales | - | (18.37) |
| | Interest expenses | 1,519.44 | 2,085.46 |
| | Unrealized foreign exchange gain | (137.28) | (75.64) |
| 3 | **Operating profit before working capital changes ( 1+2)** | **22,388.56** | **21,652.89** |
| 4 | **Movement in working capital** | | |
| | (Increase) / decrease in loans | (177.36) | 3.96 |
| | (Increase) / decrease in inventories | (1,164.40) | 948.73 |
| | (Increase) / decrease in other financial assets | (357.45) | 7,972.52 |
| | Decrease in other assets | 193.25 | 2,431.21 |
| | (Increase) in trade receivables | (1,238.78) | (6,490.12) |
| | Decrease in other financial liabilities | (202.84) | (1,220.94) |
| | Increase / (Decrease) in other liabilities | 878.70 | (94.44) |
| | Increase / (Decrease) in trade payables | 3,042.28 | (2,833.21) |
| | Decrease in provision | (64.67) | (114.47) |
| 5 | **Cash generated from operating activities (3+4)** | **23,297.29** | **22,256.12** |
| 6 | Income tax paid (net of refunds) | (4,917.79) | (4,501.48) |
| 7 | **Net cash flow from operating activities (5-6)** | **18,379.50** | **17,754.64** |
| B | CASH FLOW FROM INVESTING ACTIVITIES | | |
| | Purchase of property, plant and equipment | (5,470.98) | (4,714.57) |
| | Proceeds from property, plant and equipment | 527.68 | 574.22 |
| | Purchase of intangible assets | (1,797.92) | (919.30) |
| | Proceeds from redemption of deposit with maturity after 12 months from the reporting date | 7,606.90 | (7,706.51) |
| | Proceeds from sale of investment | - | 85.34 |
| | Dividend received | 153.00 | 38.25 |
| | Interest received | 774.18 | 410.20 |
| | **Net cash used in investing activities** | **1,792.86** | **(12,232.37)** |
| C | CASH FLOW FROM FINANCING ACTIVITIES | | |
| | Proceeds from long-term borrowings | - | 2,736.14 |
| | Repayment of long term borrowings | (5,870.96) | (6,164.55) |
| | Proceeds / (repayment) of short-term borrowings (net) | 1,470.96 | 1,352.10 |
| | Dividend paid (including dividend distribution tax) | (2,745.27) | (1,278.62) |
| | Interest paid | (1,549.76) | (2,110.45) |
| | **Net cash used in financing activities** | **(8,695.03)** | **(5,465.38)** |
| D | **Increase / (decrease) in cash and cash equivalents (A+B+C)** | **11,477.33** | **56.90** |
| | Cash and cash equivalents at the beginning of the year | 735.11 | 260.90 |
| | Cash and cash equivalents acquired on account of business combination* | - | 417.31 |
| | Cash and cash equivalents at the end of the year | 12,212.44 | 735.11 |

| | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| **Cash and cash equivalents include :** | | |
| Balances with banks: | | |
| – In current accounts | 404.82 | 152.29 |
| – In dividend accounts# | 230.91 | 221.46 |
| Bank deposits with original maturity less than 3 months | 11,567.00 | 353.50 |
| Cash on hand | 9.71 | 7.86 |
| **Cash and cash equivalents at the end of the year** | **12,212.44** | **735.11** |
| # INR 230.91 lakhs (31 March 18 : INR 221.46 lakhs) has restricted use. | | |

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities:**

| Particulars | Non current borrowings** | Current borrowings |
|---|---|---|
| **Opening balance as at 1 April 2018** | 15,812.01 | 7,416.66 |
| Add: non-cash changes due to | | |
| - Mark to market on foreign contracts | (9.57) | - |
| - Others | 19.33 | - |
| Add : cash inflows during the year | - | 1,470.96 |
| Less: cash outflows during the year (including interest) | (5,871.12) | - |
| **Closing balance as at 31 March 2019** | **9,950.65** | **8,887.62** |

**Includes current maturities of non-current borrowings, refer Note 16.

**Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities:**

| Particulars | Non current borrowings** | Current borrowings |
|---|---|---|
| **Opening balance as at 1 April 2017** | 18,864.65 | 6,064.56 |
| Add: non-cash changes due to | | |
| - Mark to market on foreign contracts | 86.08 | |
| - Others | 17.85 | |
| Add : cash inflows during the year | 3,703.69 | 4,180.21 |
| Less: cash outflows during the year | (6,860.26) | (2,828.11) |
| **Closing balance as at 31 March 2018** | **15,812.01** | **7,416.66** |

**Includes current maturities of non-current borrowings, refer Note 16.

Notes:

1. The consolidated cash flow statement has been prepared in accordance with "Indirect Method" as set out in Indian Accounting Standard -7 on "Statement on Cash Flows ".
2. Refer note 2 for significant accounting policies.
3. The Group paid in cash INR 62.93 lakhs for the year ended 31 March 2019 and INR 75.02 lakhs for the year ended 31 March 2018 towards Corporate Social Responsibility (CSR) expenditure (refer note 34).

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm Registration no. : 101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership no. : 095109

Place : Gurugram
Date : 17 May 2019

For and on behalf of the Board of Directors of
**JTEKT India Limited**
**(Formerly known as Sona Koyo Steering Systems Limited)**

**Hiroshi Ii**
*Chairman*
DIN 08385716

**Akihiko Kawano**
*Managing Director*
DIN 08160588

**Sudhir Chopra**
*Director (Corporate Affairs) and Company Secretary*
DIN 00058148

**Rajiv Chanana**
*Chief Financial Officer*

Place : Gurugram
Date : 17 May 2019

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**1. Corporate Information**

JTEKT India Limited (formerly known as Sona Koyo Steering Systems Limited) ('the Company' or 'the Parent Company') is a public limited company incorporated and domiciled in India and having its registered office at UGF-6, Indraprakash 21, Barakhamba Road, New Delhi, 110001. The Company's name got changed via fresh Certificate of Incorporation dated 7 April 2018 received from the Registrar of Companies, New Delhi. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. JTEKT India Limited group (the Parent Company and its subsidiary company, together referred to as "the Group") and its associate is primarily engaged in the business of manufacturing steering systems & other auto components for the passenger car and utility vehicle manufacturers in the automobile sector.

The Scheme of Amalgamation (The Scheme) for amalgamation of Company's associate, JTEKT Sona Automotive India Limited ('JSAI') with the Company has been approved by the Principal Bench of National Company Law Tribunal, New Delhi and on completion of the required formalities on 16 March 2019, the Scheme has become effective from the appointed date, i.e., 1 April 2018. The amalgamation has been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combinations' and comparatives have been re-presented for amalgamation with effect from 22 June 2017 (i.e. the date when JTEKT Corporation, Japan acquired control over the Company). Accordingly, figures of JSAI have been included in all the periods of the Consolidated Financial Statements presented and therefore, the figures for Consolidated Financial Statements for the year ended 31 March 2019 are not comparable with the re-presented Consolidated Financial Statements for the previous year ended 31 March 2018 due to the amalgamation being carried out effective from 22 June 2017 in accordance with Ind AS 103.

Refer note 36 for detailed information on accounting for merger.

**2. Significant accounting policies, Basis of consolidation and Basis of preparation**

**2.1 Basis of preparation**

*(i) Statement of compliance*

These Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, ("the Act"), Companies (Indian Accounting Standards) (Amendment) Rules, as amended from time to time and other relevant provisions of the Act.

Effective 1 April 2016, the Group transitioned to Ind AS while the Financial Statements were being prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (previous GAAP) till 31 March 2017 and the transition was carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". While carrying out transition, in addition to the mandatory exemptions, the Group had elected to avail certain exemption which are listed as below:

**a) Deemed cost exemption on Property, Plant and Equipment**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their Previous GAAP carrying value.

**b) Leases**

Appendix C to the Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with the Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Group has elected to avail of the above exemption.

These Consolidated Financial Statements for the year ended 31 March 2019 are approved by the Parent Company's Audit Committee on 16 May 2019 and its Board of Directors on 17 May 2019.

Details of the Group's accounting policies are included in Note 2.4.

*(ii) Functional and presentation currency*

These Consolidated Financial Statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise stated.

*(iii) Basis of measurement*

These Consolidated Financial Statements have been prepared on the historical cost basis except for the following items which have been measured at fair value amount –

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Items | Measurement basis |
|---|---|
| Certain financial assets and financial liability (including derivative instrument) | Fair value |
| Net defined benefit plan (asset)/ liability | Fair value of plan assets less present value of defined benefit obligation. |

(iv) *Use of estimates and judgements*

In preparation of these Consolidated Financial Statements, management has made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized prospectively. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Consolidated Financial Statements is included in the following notes.

**Judgements**

- Lease classification – Note 40

**Estimates**

- Recognition and estimation of tax expense including deferred tax– Note 31
- Estimated impairment of financial assets and non-financial assets – Note 2.4(f) and 2.4(o)
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2.4(b) and 2.4(c)
- Estimation of obligations relating to employee benefits: key actuarial assumptions – Note 38
- Valuation of Inventories – Note 2.4(g)
- Recognition and measurement of provision and contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 37
- Fair value measurement – Note 2.1(vi)

(v) *Current versus non-current classification*

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current - non-current classification of assets and liabilities.

(vi) *Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

The Group has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Parent Company's Audit Committee.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 48 – Financial instrument.

### 2.2 Basis of consolidation

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights;
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

**Consolidation procedure**

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the Consolidated Financial Statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant and equipment ('PPE'), are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

made to the financial statements of subsidiary to bring its accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

i. *Subsidiary*

Subsidiary is entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statement of subsidiary is included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases. The subsidiary company which is included in the consolidation and the Parent Company's holding therein is as under:

| S. No. | Name of the Subsidiary Company | Nature of relation | Ownership in % | | | Country of Incorporation and Principal place of Business |
|---|---|---|---|---|---|---|
| | | | 2018-19 | 2017-18 | 2016-17 | |
| 1. | JTEKT Fuji Kiko Automotive India Limited (JFIN) (Formerly known as Sona Fuji Kiko Automotive Limited (SFAL)) | Subsidiary | 51.00 | 51.00 | 51.00 | India |

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

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

ii. *Non-controlling interests (NCI)*

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii. *Loss of control*

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognized in profit or loss.

iv. *Equity accounted investees*

The Group's interests in equity accounted investees comprise interests in its associates.

The associate companies which are included in the consolidation and the Parent Company's holding therein is as under:

| S. No. | Name of the Associate Company | Nature of relation | Ownership in % | | Country of Incorporation and Principal place of Business |
|---|---|---|---|---|---|
| | | | 2018-19 | 2017-18 | |
| 1 | JTEKT Sona Automotive India Limited (JSAI) | Associate | - | -* | India |
| 2 | Sona Skill Development Centre Limited | Associate | - | -** | India |

* 49% up to 21 June 2017 (also refer note 2.1)

**49.99% up to 18 May 2017

An associate is an arrangement in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which significant influence or joint control ceases.

The Statement of Profit and Loss reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in associates.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

If an entity's share of losses of an associate equals or exceeds its interest in associate (which includes any long term interest that, in substance, form part of the Group's net investment in associate), the entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of associate. If the associate subsequently reports profits, the entity resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which significant influence ceases.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss as 'Share of profit of associate' in the statement of profit or loss.

**2.3 Changes in significant accounting policies**

The Group has initially applied Ind AS 115 from 1 April 2018.

Due to the transition methods chosen by the Group in applying the above standard, comparative information throughout these Consolidated Financial Statements has not been restated to reflect the requirements of the new standard.

There is no significant impact of transition from Ind AS 18 to Ind AS 115 in recognizing revenue by the Group.

Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced Ind AS 18 Revenue Recognition, Ind AS 11 Construction Contracts and related interpretations. Under Ind AS 115, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

The Group has adopted Ind AS 115 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 April 2018). Accordingly, the information presented for 2017-18 has not been restated – i.e. it is presented, as previously reported, under Ind AS 18, Ind AS 11 and related interpretations. Additionally, the disclosure requirements in Ind AS 115 have not generally been applied to comparative information.

**2.4 Summary of significant accounting policies**

**a. Business combinations**

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2016. As such, Indian GAAP balances relating to business combinations entered into before that date. The same first time adoption exemption is also used for associates.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

(a) Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

(b) Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 share-based Payments at the acquisition date.

(c) Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the re-acquired right.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Business Combination under common control are accounted as per Appendix C in Ind AS 103 - Business combinations, at carrying amount of assets and liabilities acquired and any excess of consideration issued over the net assets acquired is recognised as capital reserve on common control business combination.

**b. Property, plant and equipment**

***Recognition and measurement***

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, import duties and non-refundable purchase taxes, duties or levies, after deducting trade discounts and rebates, any other directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and removing the items and restoring the site on which it is located. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to note 2.1 (iv) regarding significant accounting judgements, estimates and assumptions.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognized.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

A property, plant and equipment is eliminated from the Consolidated Financial Statements on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or losses arising disposal of property, plant and equipment is recognized in the Statement of Profit and Loss.

Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

***Subsequent expenditure***

Subsequent expenditure is capitalized, only if, it is probable that the future economic benefits associated with the expenditure will flow to the Group.

***Depreciation***

Depreciation on property, plant and equipment is calculated on a straight-line basis to allocate their cost, net of their estimated residual values, over the estimated useful lives and is recognized in the Statement of Profit and Loss. The identified components are depreciated over their useful life, the remaining asset is depreciated over the life of the principal asset. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The Group has used the following rates to provide depreciation which coincides with the rates indicated in Schedule II of the Act on its property, plant and equipment, except for vehicles.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Asset category | Management estimate of useful life (in years) |
|---|---|
| Factory buildings | 30 |
| Roads | 5 |
| Sheds | 3 |
| Plant and machinery | 4-15 |
| Furniture and fixtures | 10 |
| Jigs and fixtures | 10 |
| Office equipment | 5 |
| Vehicles | 5.3 |
| Electrical installations | 10 |
| IT equipment | 6 |
| Computers | 3 |
| Tools and dies | 4 |

The management has estimated, supported by independent assessment by technical experts, the useful lives of the following classes of assets:

- The useful life of vehicles is estimated as 5.3 years, which is lower than those indicated in Schedule II.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

c. **Intangible assets**

***Recognition and initial measurement***

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an item of intangible asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of Profit or Loss in the period in which the expenditure is incurred.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss.

***Subsequent measurement***

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

***Amortization***

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

**- Software**

Software purchased by the Group are amortized on a straight line basis in six years.

**- New product development**

Amounts paid towards technical know-how fees and other expenses for specifically identified projects/products being development expenditure is carried forward based on assessment of benefits arising from such expenditure. Such expenditure is amortized over the period of expected future sales from the related product, i.e. the estimated period of 6 years on straight line basis based on past trends, commencing from the month of commencement of commercial production.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

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

Amortization method, useful lives and residual lives are reviewed at the end of each financial year and adjusted, if appropriate.

**d. Leases**

*(i) Determining whether an arrangement contains a lease*

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the incremental borrowing rate.

*(ii) Assets held under lease*

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Contingent rentals are recognized as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Subsequent to the initial recognition, the assets are accounted for in accordance with the accounting policies applicable to similar owned assets. Assets held under leases that do not transfer to the Group substantially all the risk and rewards of ownership (i.e. operating lease) are not recognized in the Group's Balance Sheet.

*(iii) Lease payments*

Payments made under operating leases are generally recognized in the profit or loss on a straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase. Lease incentive received are recognized as an integral part of the total lease expense over the term of the lease.

Payments made under finance lease are allocated between the outstanding liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**e. Borrowing Costs**

Borrowing cost includes interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs), amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred.

**f. Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

An asset's recoverable amount is the higher of an individual asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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

The Group's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognized, if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses, if any, is recognized in the Statement of Profit and Loss. Impairment losses of continuing operations, including impairment on inventories, are recognized in the Statement of Profit and Loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

In regard to assets for which impairment loss has been recognized in prior period, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed, only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**g. Inventories**

Inventories which includes raw materials, components, stores, work in progress, finished goods and spares are valued at the lower of cost and net realizable value. However, raw materials, components and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost or in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and components: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of raw material, components, stores and spares is determined on weighted average basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value of work-in-progress is determined with reference to the selling prices of related finished products.

The comparison of cost and net realizable value is made on an item-by-item basis.

**h. Foreign currency transactions**

Transactions in foreign currencies are initially recorded by the Group at functional currency spot rates at the date the transaction first qualifies for recognition or an average rate if the average rate approximates the actual rate at the date of the transaction. Monetary

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or the Statement of Profit and Loss are also recognized in OCI or the Statement of Profit and Loss, respectively).

i. **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

However, sales tax/ value added tax (VAT)/ Goods and Services Tax (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognized.

Effective 1 April 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue.

The Group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the Consolidated Statement of Profit and Loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18. Refer note 2.2 (i) – Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended 31 March 2018, for the revenue recognition policy as per Ind AS 18. The impact of the adoption of the standard on the Consolidated Financial Statements of the Group is insignificant.

**Sale of goods**

The Group recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer.

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligation in contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract;

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned or deferred revenue is recognised when there is billings in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Group reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Use of significant judgements in revenue recognition:

a) The Group's contracts with customers could include promises to transfer products to a customer. The Group assesses the products promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

b) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

c) The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.

d) The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

**Rendering of services**

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Job work and development charges are recognized upon full completion of the job work and development services and when all the significant risks and rewards of ownership of the goods have been passed to the buyer, on delivery of the goods and no significant uncertainty exists regarding the collection of the consideration

**Interest income**

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in the statement of profit and loss.

**Export Incentive**

Export incentive entitlements are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds. These are presented as other operating revenue in the Statement of Profit and Loss.

**Dividends**

Revenue is recognized when the Group's right to receive the payment is established by the reporting date.

**Rental Income**

Rental income is recognized as a part of other income in the statement of profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation.

**Impairment of contract assets and trade receivables:**

The allowance for expected credit losses for trade receivables and contract assets are calculated at individual level when there is an indication of impairment. For receivables and contract assets without any indication of impairment the expected credit losses are based on the historical credit loss experience combined with forward-looking information in macroeconomic factors effecting the credit risk.

j. **Income tax**

Income tax expense comprises current and deferred tax. It is recognized in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

**Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

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

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

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**Deferred tax**

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

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

**k. Segment reporting**

**Basis for segmentation**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. The Group is primarily engaged in the manufacturing of auto components of four wheeler industry. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segments and assess their performance. CODM believes that these are governed by same set of risk and returns hence CODM reviews as one balance sheet component.

The Group and its associates are governed by the same set of risks and returns but subject to the geographical industry trends and hence the Group and its associate's business activities fall within a single primary business segment.

**l. Earnings per share (EPS)**

Basic earnings / (loss) per share are calculated by dividing the net profit or loss for the year attributable to the shareholders of the Group by the weighted average number of equity shares outstanding at the end of the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, except where the results will be anti-dilutive.

**m. Provisions (Other than employee benefits)**

**General provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed the expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

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

**Warranty provisions**

Provision for warranty related costs are recognized when the product is sold or service provided and is based on historical experience. The provision is based on technical evaluation/ historical warranty data and after weighting of all possible outcomes by their associated probabilities. The estimate of such warranty related costs is revised annually. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

**Contingent liability**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

**n. Employee benefits**

*i. Short-term employee benefits*

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid, if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

*ii. Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions to the Regional Provident Fund Commissioner towards provident fund, superannuation fund scheme and employee state insurance scheme ('ESI'). Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the Statement of Profit and Loss in the periods during which the related services are rendered by employees. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

*iii. Defined benefit plans*

The Group operates a defined benefit gratuity plan, which requires contributions to be made to LIC of India. There are no other obligations other than the contribution payable to the respective trust.

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

iv. *Other long term employee benefits*

**Compensated absences**

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

As per the compensated absence encashment policy, the Group does not have an unconditional right to defer the compensated absence of employees, accordingly the entire compensated absence obligation as determined by an independent actuary has been classified as current liability as at the period/ year end.

**o. Financial instruments**

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

***Recognition and initial measurement***

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (‘FVTPL’), transaction costs that are directly attributable to its acquisition or issue.

***Classification and subsequent measurement***

Financial assets

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair Value through Other Comprehensive Income (‘FVOCI’) – debt instrument;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

impairment are recognized in the profit or loss. This category generally applies to trade and other receivables. Group has recognized financial assets viz. security deposit, trade receivables, employee advances at amortized cost.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is re-classified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Equity investments*

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

*Financial assets: Business model assessment*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest*

For the purpose of this assessment 'Principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingents events that would change the amounts or timings of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non - recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, as feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Financial assets: Subsequent measurement and gains and losses*

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. |
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. |
| Debt investment at FVOCI | These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| Equity investment at FVOCI | These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss. |

*Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

***Derecognition***

*Financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

*Financial liabilities*

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

***Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

***Derivative financial instruments and hedge accounting***

The Group uses derivative instruments such as foreign exchange forward contracts and currency swaps to hedge its foreign currency and interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognized in profit and loss.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivatives is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item. Any ineffective portion of changes in fair value of the derivatives is recognised immediately in the Statement of Profit and Loss.

If a hedge no longer meets the criteria for hedge accounting or the hedge instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included directly in the initial cost of the non-financial item on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

*Impairment of financial assets*

The Group recognizes loss allowances for expected credit losses on:

- Financial assets measured at amortized cost; and
- Financial assets measured at FVOCI – debt instruments.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt instruments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit – impaired includes the following observable data:

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

*Measurement of expected credit losses*

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

*Presentation of allowance for expected credit losses in the balance sheet*

Loss allowance for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to Statement of the Profit and Loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Group's procedures for the recovery of amount due.

Impairment of financial instruments

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

a. Financial assets that are debt instruments, and are measured at amortized cost e.g., deposits and advances
b. Trade receivables that result from transactions that are within the scope of Ind AS 115
c. Financial guarantee contracts which are not measured as at FVTPL.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

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

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

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

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

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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

**p. Recognition of interest expense**

Interest expense is recognized using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to:

- the amortized cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the amortized cost of the liability.

**q. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and cheques on hand, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank, cash on hand and cheques on hand as they are considered an integral part of the Group's cash management.

**r. Cash dividend and non-cash distribution to equity holders of the parent**

The Group recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

**s. Corporate Social Responsibility ("CSR") expenditure**

CSR expenditure incurred by the Group is charged to the Statement of the Profit and Loss.

**t. Research and development**

Expenditure on research and development activities is recognized in the Statement of Profit and Loss as incurred.

Development expenditure is capitalized as part of cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

u. **Recent Accounting pronouncements**

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from 1 April 2019:

**Amendment to Ind AS 116 - Leases**

Ind AS 116 sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Consolidated Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. This new standard provides two approaches to transition:

1. Full retrospective approach- Under this approach, the lessee applies the new standard retrospectively to each prior period presented and recognised an adjustment in equity at the beginning of the earliest period presented in accordance with Ind AS -8.
2. Modified retrospective approach- Under this approach, the lessee applies the new standard from the beginning of the current period and recognised an adjustment in equity at the beginning of the current and does not restate its prior financial information.

The effective date for adoption of this standard is annual period beginning on or after 1 April 2109. The Group will adopt this standard using modified retrospective approach effective 1 April 2019 for transition to IND AS 116 and will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

The Group has completed an initial assessment of the potential impact on its Consolidated Financial Statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the Consolidated Financial Statements in the period of initial application is not reasonably estimable as at present.

**Amendments to Ind AS 12 - 'Income taxes'**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the above amendment on its Consolidated Financial Statements.

**Amendment to Ind AS 19 – 'Employee benefits'**

The amendments to Ind AS 19, clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its Consolidated Financial Statements.

**Amendment to Ind AS 109, Financial instruments**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group is evaluating the requirements of the amendments and their impact on the Consolidated Financial Statements.

**Amendment to Ind AS 23, Borrowing costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group is evaluating the requirements of the amendments and their impact on the Consolidated Financial Statements.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 3A. Property, plant and equipment

| Particulars | Gross carrying value | | | | | Accumulated depreciation and impairment losses | | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | As at 1 April 2018 | Additions through business combination of entities under common control (Refer note 36) | Additions | Sales/ Disposition | As at 31 March 2019 | As at 1 April 2018 | Additions through business combination of entities under common control (Refer note 36) | Depreciation for the year | Disposals | As at 31 March 2019 | As at 31 March 2019 | As at 31 March 2018 |
| Freehold land# | 6,106.43 | - | 239.92 | 72.83 | 6,273.52 | - | - | - | - | - | 6,273.52 | 6,106.43 |
| Building*# | 18,908.81 | - | 612.22 | 147.96 | 19,373.07 | 1,483.37 | - | 778.34 | 16.25 | 2,245.46 | 17,127.61 | 17,425.44 |
| Lease hold improvements | 8.83 | - | - | - | 8.83 | 8.58 | - | 0.25 | - | 8.83 | - | 0.25 |
| Plant & Machinery | 37,053.30 | - | 3,571.49 | 761.95 | 39,862.84 | 13,763.84 | - | 6,094.42 | 488.58 | 19,369.68 | 20,493.16 | 23,289.46 |
| Jigs & Fixture | 515.73 | - | 187.03 | 18.07 | 684.69 | 181.96 | - | 99.74 | 17.94 | 263.76 | 420.93 | 333.77 |
| Electric installation | 1,853.07 | - | 431.09 | 7.23 | 2,276.93 | 687.88 | - | 467.00 | 5.67 | 1,149.21 | 1,127.72 | 1,165.19 |
| Furniture & Fixture | 367.83 | - | 19.01 | 1.23 | 385.61 | 163.08 | - | 47.19 | 0.31 | 209.96 | 175.65 | 204.75 |
| Office equipment | 1,267.86 | - | 709.63 | 11.77 | 1,965.72 | 493.44 | - | 301.11 | 4.65 | 789.90 | 1,175.82 | 774.42 |
| Vehicles | 411.84 | - | 168.21 | 43.21 | 536.84 | 134.00 | - | 79.22 | 29.85 | 183.37 | 353.47 | 277.84 |
| R&D-Plant & Machinery | 191.31 | - | - | 9.72 | 181.59 | 75.66 | - | 36.17 | 6.44 | 105.39 | 76.20 | 115.65 |
| R&D-Office Equipment | 11.28 | - | 0.20 | - | 11.48 | 4.22 | - | 2.17 | - | 6.39 | 5.09 | 7.06 |
| **Total** | **66,696.29** | **-** | **5,938.80** | **1,073.97** | **71,561.12** | **16,996.03** | **-** | **7,905.61** | **569.69** | **24,331.95** | **47,229.17** | **49,700.26** |

### 3A. Capital work-in-progress

| Particulars | As at 1 April 2018 | Additions through business combination of entities under common control (Refer note 36) | Additions | Capitalised | As at 31 March 2019 |
|---|---|---|---|---|---|
| Total | 2,141.76 | - | 4,734.79 | 5,938.80 | 937.75 |

### 3A. Property, plant and equipment

| Particulars | Gross carrying value | | | | | Accumulated depreciation and impairment losses | | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | As at 1 April 2017 | Additions through business combination of entities under common control (Refer note 36) | Additions | Sales/ Disposition | As at 31 March 2018 | As at 1 April 2017 | Additions through business combination of entities under common control (Refer note 36) | Depreciation for the year | Disposals | As at 31 March 2018 | As at 31 March 2018 | As at 31 March 2017 |
| Freehold land | 5,063.02 | 796.62 | 246.79 | - | 6,106.43 | - | - | - | - | - | 6,106.43 | 5,063.02 |
| Building* | 16,384.59 | 2,457.63 | 66.59 | - | 18,908.81 | 607.60 | 134.25 | 741.52 | - | 1,483.37 | 17,425.44 | 15,776.99 |
| Lease hold improvements | 8.83 | - | - | - | 8.83 | 5.35 | - | 3.23 | - | 8.58 | 0.25 | 3.48 |
| Plant & Machinery | 25,764.80 | 8,320.36 | 3,613.77 | 645.63 | 37,053.30 | 5,464.02 | 2,089.01 | 6,667.45 | 456.64 | 13,763.84 | 23,289.46 | 20,300.78 |
| Jigs & Fixture | 392.85 | 70.01 | 56.04 | 3.17 | 515.73 | 78.16 | 21.70 | 84.93 | 2.83 | 181.96 | 333.77 | 314.69 |
| Electric installation | 1,359.94 | 394.06 | 104.15 | 5.08 | 1,853.07 | 275.62 | 98.52 | 318.76 | 5.02 | 687.88 | 1,165.19 | 1,084.32 |
| Furniture & Fixture | 271.76 | 62.54 | 51.24 | 17.71 | 367.83 | 83.93 | 17.62 | 65.32 | 3.79 | 163.08 | 204.75 | 187.83 |
| Office equipment | 563.95 | 202.25 | 514.27 | 12.61 | 1,267.86 | 218.85 | 67.58 | 211.74 | 4.73 | 493.44 | 774.42 | 345.10 |
| Vehicles | 715.73 | 18.62 | 60.93 | 383.44 | 411.84 | 144.88 | 5.12 | 79.37 | 95.37 | 134.00 | 277.84 | 570.85 |
| R&D-Plant & Machinery | 197.22 | - | 16.52 | 22.43 | 191.31 | 40.53 | - | 41.22 | 6.09 | 75.66 | 115.65 | 156.69 |
| R&D-Office Equipment | 7.25 | - | 4.03 | - | 11.28 | 1.73 | - | 2.49 | - | 4.22 | 7.06 | 5.52 |
| **Total** | **50,729.94** | **12,322.09** | **4,734.33** | **1,090.07** | **66,696.29** | **6,920.67** | **2,433.80** | **8,216.03** | **574.47** | **16,996.03** | **49,700.26** | **43,809.27** |

### 3A. Capital work-in-progress

| Particulars | As at 1 April 2017 | Additions through business combination of entities under common control (Refer note 36) | Additions | Capitalised | As at 31 March 2018 |
|---|---|---|---|---|---|
| Total | 1,477.11 | 429.39 | 4,969.59 | 4,734.33 | 2,141.76 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

(i) Contractual obligations

Refer note 37A for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Capitalised borrowing cost

Borrowing costs capitalised during the year ended INR 19.74 lakhs (previous year 31 March 2018 INR 20.05 lakhs)

(iii) Property, plant and equipment other than immovable property at Chennai, Malpura, Sanand and Stamping unit at Gurugram have been pledged as security for liabilities, for details refer note 44.

* Building (Gross block) amounting to INR 1,374.03 lakhs (previous year 31 March 2018 INR 1,374.03 lakhs), net block INR 1,217.76 lakhs (previous year 31 March 2018 INR 1,270.11 lakhs) is constructed on leasehold land.

\# The total block of Building and Freehold land includes land valued at INR 1,120.69 lakhs (previous year INR 960.94 lakhs) and factory building having net block of INR 2,137.28 lakhs (previous year INR 2,243.08 lakhs) held in the name of erstwhile JTEKT Sona Automotive India Limited ('JSAI'), an associate company, is pending for mutation of name, due to the amalgamation of JSAI with the Company during the year ended 31 March 2019. (For detailed note on amalgamation, refer note 36).

### 3B. Intangible assets

| Particulars | Gross carrying value | | | | | Amortisation and impairment losses | | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | As at 1 April 2018 | Additions through business combination of entities under common control (Refer note 36) | Additions | Sales/ Disposition | As at 31 March 2019 | As at 1 April 2018 | Additions through business combination of entities under common control (Refer note 36) | Amortisation for the year | Disposals | As at 31 March 2019 | As at 31 March 2019 | As at 31 March 2018 |
| R&D-Computer softwares | 22.98 | | 8.50 | - | 31.48 | 9.50 | | 4.78 | - | 14.28 | 17.20 | 13.48 |
| Computer softwares | 1,051.61 | | 1,108.36 | - | 2,159.97 | 478.83 | | 432.68 | - | 911.51 | 1,248.46 | 572.78 |
| New product development | 6,990.21 | | 1,386.97 | - | 8,377.18 | 2,347.33 | | 1,251.57 | - | 3,598.90 | 4,778.28 | 4,642.88 |
| **Total** | **8,064.80** | | **2,503.83** | **-** | **10,568.63** | **2,835.66** | | **1,689.03** | **-** | **4,524.69** | **6,043.94** | **5,229.14** |

### 3B. Intangible assets under development

| Particulars | As at 1 April 2018 | Additions through business combination of entities under common control (Refer note 36) | Additions | Capitalised | As at 31 March 2019 |
|---|---|---|---|---|---|
| Total | 367.37 | | 2,191.66 | 2,503.83 | 55.20 |

### 3B. Intangible assets

| Particulars | Gross carrying value | | | | | Amortisation and impairment losses | | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | As at 1 April 2017 | Additions through business combination of entities under common control (Refer note 36) | Additions | Sales/ Disposition | As at 31 March 2018 | As at 1 April 2017 | Additions through business combination of entities under common control (Refer note 36) | Amortisation for the year | Disposals | As at 31 March 2018 | As at 31 March 2018 | As at 31 March 2017 |
| R&D-Computer softwares | 19.89 | - | 3.09 | - | 22.98 | 5.02 | - | 4.48 | - | 9.50 | 13.48 | 14.87 |
| Computer softwares | 588.21 | 196.72 | 266.68 | - | 1,051.61 | 195.49 | 64.23 | 219.11 | - | 478.83 | 572.78 | 392.72 |
| New product development | 4,130.26 | 1,813.84 | 1,070.96 | 24.85 | 6,990.21 | 694.25 | 512.44 | 1,165.49 | 24.85 | 2,347.33 | 4,642.88 | 3,436.01 |
| **Total** | **4,738.36** | **2,010.56** | **1,340.73** | **24.85** | **8,064.80** | **894.76** | **576.67** | **1,389.08** | **24.85** | **2,835.66** | **5,229.14** | **3,843.60** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 3B. Intangible assets under development

| Particulars | As at 1 April 2017 | Additions through business combination of entities under common control (Refer note 36) | Additions | Capitalised | As at 31 March 2018 |
|---|---|---|---|---|---|
| Total | 783.05 | 4.36 | 920.69 | 1,340.73 | 367.37 |

### 4. Loans

| Particulars | As at 31 March 2019 | | As at 31 March 2018 Re-presented (refer note 36) | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| *(Unsecured considered good, unless stated otherwise)* | | | | |
| Security deposits | 69.06 | 315.08 | 67.29 | 179.40 |
| Loans to employees | 63.87 | 10.91 | 29.26 | 5.61 |
| **Total** | **132.93** | **325.99** | **96.55** | **185.01** |

### 5. Other financial assets

| Particulars | As at 31 March 2019 | | As at 31 March 2018 Re-presented (refer note 36) | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Bank deposits with maturity after 12 months from the reporting date* | - | - | - | 32.14 |
| Interest accrued but not due on deposits | 8.55 | - | 59.72 | 1.07 |
| Forward exchange contracts used for hedging | - | - | 45.62 | - |
| Interest rate swaps used for hedging | 52.40 | 40.31 | - | - |
| Unbilled revenue | 737.98 | - | 379.41 | - |
| **Total** | **798.93** | **40.31** | **484.75** | **33.21** |

* Held as margin money deposits against bank guarantees

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those cross currency interest rate swaps and principal swaps that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for external currency borrowings.

### 6. Income tax assets

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Advance income tax and tax deducted at source [net of provisions INR 12,442.96 lakhs (31 March 2018 INR 7,623.17 lakhs)] | 569.51 | 673.48 |
| **Total** | **569.51** | **673.48** |

### 7. Other non-current assets

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| *(Unsecured considered good, unless stated otherwise)* | | |
| Capital advances | 54.56 | 320.70 |
| Prepaid expenses | 78.53 | 44.78 |
| **Total** | **133.09** | **365.48** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 8. Inventories

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| *(Valued at lower of cost and net realisable value)* | | |
| Raw materials and components * | 4,880.31 | 4,123.08 |
| Work-in-progress ** | 890.83 | 1,324.76 |
| Finished goods *** | 3,074.64 | 2,760.76 |
| Stock-in-trade | 8.11 | 8.83 |
| Stores and spares | 1,198.57 | 1,081.52 |
| Loose tools | 1,197.96 | 1,067.08 |
| **Total** | **11,250.42** | **10,366.03** |
| Less: Provision on inventory obsolescence | (45.30) | (285.59) |
| **Total** | **11,205.12** | **10,080.44** |

* Includes material in transit INR 477.63 lakhs (31 March 2018 INR 186.05 lakhs)

** Includes material with the vendors sent for job work INR 80.90 lakhs (31 March 2018 INR 299.35 lakhs)

*** Includes goods in transit INR 1,830.53 lakhs (31 March 2018 INR 1,607.10 lakhs)

**Note:**

(i) Inventories have been pledged as security for liabilities, for details refer note 44.

### 9. Trade receivables

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| *(unsecured and considered good, unless otherwise stated)* | | |
| Trade receivables | 26,828.91 | 25,795.70 |
| **Total** | **26,828.91** | **25,795.70** |

Notes :

(i) Trade receivables have been pledged as security for liabilities, for details refer note 44.

(ii) For explanations on the Group's exposure to credit, currency and liquidity risk, refer note 46.

### 10. Cash and cash equivalents

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Cash on hand | 9.71 | 7.86 |
| Balances with banks | | |
| - In current accounts | 404.82 | 152.29 |
| - In dividend accounts | 230.91 | 221.46 |
| - Bank deposits with original maturity less than 3 months | 11,567.00 | 353.50 |
| **Total** | **12,212.44** | **735.11** |

**Notes :**

(i) Cash and cash equivalents have been pledged as security for liabilities, for details refer note 44.

(ii) There are no repatriation restrictions with respect to cash and bank balances as at the end of the reporting year and comparative years.

(iii) **Information persuant to G.S.R. 308( E) dated 30 March 2017 issued by Ministry of Corporate Affairs**

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 11. Other bank balances

| Particulars | As at 31 March 2019* | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Bank deposits with original maturity more than 3 months but less than 12 months | 156.72 | 7,680.00 |
| **Total** | **156.72** | **7,680.00** |

* Held as margin money deposits against bank gurantees.

### 12. Other current assets

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| *(Unsecured considered good, unless stated otherwise)* | | |
| Advance to suppliers | 251.02 | 96.26 |
| Balances with statutory/government authorities | 494.70 | 297.50 |
| Prepaid expenses | 577.60 | 538.31 |
| Claims receivable | 284.53 | 216.37 |
| Other receivable | 10.10 | 60.59 |
| **Total** | **1,617.95** | **1,209.03** |

**Notes :**

(i) Other current assets have been pledged as security for liabilities, for details refer note 44.

### 13. Equity share capital

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Authorised capital** | | |
| 871,000,000 (31 March 2018 : 271,000,000) Equity Shares of INR 1 each | 8,710.00 | 2,710.00 |
| | 8,710.00 | 2,710.00 |
| **Issued, subscribed and fully paid up equity share capital** | | |
| 244,480,469 (31 March 2018 : 198,741,832) Equity Shares of INR 1 each fully paid up | 2,444.80 | 1,987.42 |
| | **2,444.80** | **1,987.42** |

**a) Reconciliation of equity shares outstanding at the beginning and at the end of the year**

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount |
| Equity shares at the beginning of the year | 198,741,832 | 1,987.42 | 198,741,832 | 1,987.42 |
| Issued during the year - refer note 36 | 45,738,637 | 457.38 | - | - |
| **Equity shares at the end of the year** | **244,480,469** | **2,444.80** | **198,741,832** | **1,987.42** |

During the year ended 31 March 2019, in terms of Scheme of Amalgamation of JSAI with the Company, the Company has allotted 45,738,637 Ordinary (Equity) shares of INR 1 each to JTEKT Corporation Japan and other shareholders of JSAI, in the ratio of 1,582 (one thousand five hundred and eighty two) Ordinary (Equity) Share of INR 1 each fully paid-up in the capital of the Company for every 1,000 (one thousand) fully paid-up Equity Shares of INR 10 each held in JSAI (refer note 36 for merger information)

**b) Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of INR 1 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

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

| Name of shareholder | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares | % holding | No. of shares | % holding |
| **Equity shares of INR 1 each fully paid up** | | | | |
| JTEKT Corporation, Japan | 169,559,997 | 69.36% | 138,771,253 | 69.82% |
| Maruti Suzuki India Ltd. | 13,800,000 | 5.64% | 13,800,000 | 6.94% |

**d) Details of shares held by ultimate holding Company/holding Company and/or their subsidiaries/associates**

| Name of shareholder | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of shares | % holding | No. of shares | % holding |
| **Equity shares of INR 1 each fully paid up** | | | | |
| JTEKT Corporation, Japan | 169,559,997 | 69.36% | 138,771,253 | 69.82% |

**e) For the period of five years immediately preceding the date at which Balance Sheet is prepared**

- The Company has not allotted fully paid up shares by way of Bonus shares; and
- The Company has not bought back shares.

**14. Other equity**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Securities Premium** | | |
| Opening balance | 8,070.76 | 8,070.76 |
| Additions during the year | - | - |
| **Closing balance** | **8,070.76** | **8,070.76** |
| **General reserve** | | |
| Opening balance | 8,190.71 | 8,190.71 |
| Amount transferred from Statement of Profit and Loss | - | - |
| **Closing balance** | **8,190.71** | **8,190.71** |
| The general reserve is created from time to time on transfer of profit from retained earnings. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to Statement of Profit and Loss. | | |
| **Surplus in the Statement of Profit and Loss** | | |
| Opening balance | 33,411.90 | 20,050.37 |
| Add: Additions through business combination under common control* | - | 8,211.79 |
| Add: profit for the year | 7,274.19 | 6,376.11 |
| Less: dividend on equity shares | (1,861.18) | (993.82) |
| Less: dividend distribution tax | (553.88) | (202.31) |
| Add: transferred from OCI (re-measurement of employee benefit obligations) | (105.55) | (30.24) |
| **Closing balance** | **38,165.48** | **33,411.90** |
| **Capital reserve** | | |
| Opening balance | 2,434.23 | 0.43 |
| Additions through business combination under common control* | - | 2,433.80 |
| **Closing balance** | **2,434.23** | **2,434.23** |
| The capital reserve is the accumulated surplus not available for distribution of dividend and expected to remain invested permanently. | | |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Share pending issuance*** | | |
| Opening balance | 457.38 | - |
| Additions through business combination under common control * | - | 457.38 |
| Shares issued during the year | (457.38) | - |
| **Closing balance** | **-** | **457.38** |
| **Items of other comprehensive income, net of tax** | | |
| **Re-measurement of employee benefit obligations** | | |
| Balance as at the beginning of the year | - | - |
| Recognised during the period | (105.55) | (30.24) |
| **Total** | **(105.55)** | **(30.24)** |
| Less: transferred to retained earnings | 105.55 | 30.24 |
| **Closing balance** | **-** | **-** |
| The re-measurements of defined benefit obligation comprises actuarial gains and losses. | | |
| **Effective portion of cash flow hedges** | | |
| Balance as at the beginning of the year | (110.36) | - |
| Recognised during the period | 95.03 | (110.36) |
| **Closing balance** | **(15.33)** | **(110.36)** |
| **Total** | **56,845.85** | **52,454.62** |

The cash flow hedging reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gains or loss arising on changes in the value of designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to Statement of Profit and Loss, or included as a basis adjustment to the non-financial hedging item.

* Refer note 36

15. **Borrowings**

**15 A. Non-current borrowings**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| **Secured loans** | | |
| **Term loans** | | |
| Indian rupee loan from banks | 8,053.83 | 12,155.83 |
| Foreign currency loan from banks | 1,896.82 | 3,656.19 |
| **Total borrowings (including current maturities)** | **9,950.65** | **15,812.02** |
| **Less: Current maturities of borrowings (refer note 16):** | | |
| Indian rupee loan from banks | 4,133.60 | 4,093.01 |
| Foreign currency loan from banks | 1,072.12 | 1,862.19 |
| **Total current maturities of borrowings** | **5,205.72** | **5,955.20** |
| **Total borrowings (excluding current maturities)** | **4,744.93** | **9,856.82** |

**Notes:**

1. Refer note 46 - Financial risk management for liquidity risk.
2. Refer note 44 - Assets pledged as security

**15B. Current borrowings**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| **Secured** | | |
| Cash Credit | 8,887.62 | 7,416.66 |
| **Total** | **8,887.62** | **7,416.66** |

**Notes:**

1. Refer note 46 - Financial risk management for liquidity risk.
2. Refer note 44 - Assets pledged as security.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**Repayment terms of non current borrowings as specified in note 15A (including current maturities) and security disclosure for the outstanding non current borrowings as on balance sheet date :**

| Sl. No. | Particulars | Repayment details | Nature of securities of Non-current borrowings | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|---|---|---|
| **Indian rupee loans from banks** | | | | | |
| 1. | State Bank of India | Repayable in 16 Installments quarterly<br>- 8 Installments of INR 2 crores each, and<br>- 8 Installments of INR 3 crores each | Primary: First Pari-Passu charge on the entire movable fixed assets of the Company and equitable mortgage of land situated at 38/6, National Highway-8 Delhi Jaipur Highway Gurgaon-122001 immovable property land situated at Plot No. 32 and 19 Dharuhera Industrial Areas, Phase-II, Dharuhera District Rewari (Haryana) and land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat.<br>Collateral : Second charge on current assets of the Company. | 1,200.00 | 2,400.00 |
| 2. | Corporation Bank | Repayable in 17 Installments quarterly<br>- 1 Installment of INR 1 crore<br>- 8 Installments of INR 2 crores each<br>- 4 Installments of INR 3 crores each<br>- 4 Installment INR 2.75 crores each | Pari passu first charge over the entire movable fixed assets of the Company and equitable mortgage of land situated at 38/6, National Highway-8 Delhi Jaipur Highway Gurgaon-122001 and land situated at Plot No. 32 and 19 Dharuhera Industrial Areas, Phase-II, Dharuhera District Rewari (Haryana) and land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat. | 1,100.00 | 2,300.00 |
| 3. | Allahabad Bank | Repayable in 20 Installments quarterly of INR 2 crores each | Pari passu first charge over the entire movable fixed assets of the Company and equitable mortgage of land situated at 38/6, National Highway-8 Delhi Jaipur Highway Gurgaon-122001 and land situated at Plot No. 32 and 19 Dharuhera Industrial Areas, Phase-II, Dharuhera District Rewari (Haryana) and land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat. | 1,800.00 | 2,600.00 |
| 4. | Allahabad Bank | Monthly Repayment | Allahabad Bank is secured by way of exclusive charge on the vehicles financed out of the said term loan. | - | 5.53 |
| 5. | Allahabad Bank | Monthly Repayment | Allahabad Bank is secured by way of exclusive charge on the vehicles financed out of the said term loan. | 56.32 | 94.18 |
| 6 | IDFC Bank | Repayable in 20 Installments quarterly<br>- 4 installments of INR 1.5 crores each<br>- 12 installments of INR 2 crores each<br>- 4 installments of INR 2.5 crores each | Pari passu first charge over the entire movable fixed assets of the Company and equitable mortgage of land situated at 38/6, National Highway-8 Delhi Jaipur Highway Gurgaon-122001 and land situated at Plot No. 32 and 19 Dharuhera Industrial Areas, Phase-II, Dharuhera District Rewari (Haryana). | 3,197.50 | 3,846.37 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Sl. No. | Particulars | Repayment details | Nature of securities of Non-current borrowings | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|---|---|---|
| 7 | Indusind Bank | Repayable in 20 Installments<br>- 4 installments of INR 1.05 crores each<br>- 4 installments of INR 1.28 crores each<br>- 4 installments of INR 1.50 crores each<br>- 4 installments of INR 1.73 crores each<br>- 4 installments of INr 1.95 crores each | Pari passu first charge over the entire movable fixed assets of the Company and equitable mortgage of land situated at 38/6, National Highway-8 Delhi Jaipur Highway Gurgaon-122001 and land situated at Plot No. 32 and 19 Dharuhera Industrial Areas, Phase-II, Dharuhera District Rewari (Haryana). | 700.00 | 900.00 |
| 8 | HDFC Car Loan | Monthly Repayment | HDFC Bank is secured by way of exclusive charge on the vehicles financed out of the said term loan. | - | 9.75 |
| | | | | **8,053.83** | **12,155.83** |
| **Foreign currency loans from banks** | | | | | |
| 1 | Standard Chartered Bank ECB | Repayable in 16 Installments (quarterly installments of INR 2.25 crores each) | Pari passu first charge over the entire movable fixed assets of the Company and equitable mortgage of land situated at 38/6, National Highway-8 Delhi Jaipur Highway Gurgaon-122001 and land situated at Plot No. 32 and 19 Dharuhera Industrial Areas, Phase-II, Dharuhera District Rewari (Haryana) and land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat. | - | 497.25 |
| 2 | Standard Chartered Bank ECB | Repayable in 17 Installments Details below:-<br>(1) Loan Amt USD-2 Million- Repayment INR 0.76 crores in 17 Installements.<br>(2) Loan Amt USD-2 Million Repayment INR 0.76 crores in 17 Installements.<br>(3) Loan Amt USD-2.5 Million Repayment INR 0.96 crores in 17 Installments. | Pari passu first charge over the entire movable fixed assets of the Company and equitable mortgage of land situated at 38/6, National Highway-8 Delhi Jaipur Highway Gurgaon-122001 and land situated at Plot No. 32 and 19 Dharuhera Industrial Areas, Phase-II, Dharuhera District Rewari (Haryana) and land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat.<br><br>Second pari passu charge on all present and future current assets of the Company. | 1,896.82 | 2,808.00 |
| 3 | MUFG ECB | Repayable in six half yearly installments commencing from Jan'16.<br><br>Rate of interst ; Fixed rate @ 9.65% per annum. | Corporate guarantee given by JTEKT Corporation, Japan. | - | 350.94 |
| | | | | **1,896.82** | **3,656.19** |
| **Total** | | | | **9,950.65** | **15,812.02** |

Rate of interest: The Group's long term borrowings have weighted average rate of 9.80% in FY-2019 (10.17% p.a. in FY-2018)

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 16. Other financial liabilities

| Particulars | As at 31 March 2019 | | As at 31 March 2018 Re-presented (refer note 36) | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Current maturities of long-term borrowings (refer note no. 15A) | 5,205.72 | - | 5,955.19 | - |
| Interest accrued but not due on borrowings | 23.09 | - | 53.46 | - |
| Security deposit payables | 46.69 | - | 28.74 | 3.00 |
| Unclaimed dividends# | 230.91 | - | 221.46 | - |
| Forward exchange contracts used for hedging | 97.42 | - | - | - |
| Interest rate swaps used for hedging | - | - | 17.54 | 45.40 |
| Employee dues | 1,160.68 | - | 1,389.30 | - |
| Creditors for capital goods | 867.82 | - | 892.82 | - |
| **Total** | **7,632.33** | **-** | **8,558.51** | **48.40** |

# There are no amount due for payment to the Investor Education & Protection Fund under Section 125 of the Companies Act,2013.

The Group's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 46.

### 17. Provisions

| Particulars | As at 31 March 2019 | | As at 31 March 2018 Re-presented (refer note 36) | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| **Provision for employee benefits** | | | | |
| Gratuity (refer note 38) | 4.33 | 47.43 | 7.85 | 44.65 |
| Compensated absences (refer note 38) | 162.66 | 794.09 | 146.40 | 792.89 |
| **Others** | | | | |
| Provision for warranties* | 343.88 | 66.12 | 261.34 | 69.64 |
| **Total** | **510.87** | **907.64** | **415.59** | **907.18** |

*** Movement in provision related to warranty during the year.**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| **At the beginning of the year** | 330.98 | 340.84 |
| Provision assumed through business combination (refer note 36) | - | 73.79 |
| Additions during the year | 1,042.40 | 125.28 |
| (Deletions) in the discounted amount arising from passage of time | (963.38) | (208.93) |
| **At the end of the year** | **410.00** | **330.98** |

The provision for warranties relates mainly to inventories sold during the year ended 31 March 2019 and 31 March 2018. The provision is based on estimates made from historical warranty data associated with similar products and also includes specific warranty claim received by the Group from its customers. The Group expects to incur the related expenditure over the next few years.

### 18. Deferred tax liabilities (net)

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| **Deferred tax liability arising on account of :** | | |
| Property, plant and equipment and intangible assets | 1,512.85 | 1,947.40 |
| Amount of payments made during the year and allowed for tax purposes on payment basis but to be charged to the Statement of Profit and Loss in the subsequent year. | 48.27 | 26.79 |
| Discounting of long term warranty | 2.55 | 4.35 |
| Adjustment of undistributed profit of subsidiary and associates | 41.53 | 31.15 |
| Measurement of financial liabilities carried at amortised cost | 0.87 | 1.27 |
| **Deferred tax asset arising on account of :** | | |
| Effect of expenditure debited to Statement of Profit and Loss account but allowed for tax purposes in subsequent years | 424.42 | 429.38 |
| Provision of inventory obsolescence | 15.83 | 99.89 |
| Adjustment of unrealized gain / loss | 4.91 | 9.05 |
| Adjustments for derivatives recognised through fair value hedge | 33.56 | 9.48 |
| Adjustments for derivatives recognised through cash flow hedge | 14.32 | 65.36 |
| **Total** | **1,113.03** | **1,397.80** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**Movement in deferred tax liability for the year ended 31 March 2019**

| Particulars | As at 31 March 2018 Re-presented (refer note 36) | Additions through business combination of entities under common control (refer note 36) | Recognised in other comprehensive income | Recognised in Statement of Profit and Loss | 31 March 2019 |
|---|---|---|---|---|---|
| **Deferred tax liability:** | | | | | |
| Property, plant and equipment, investment property and intangible assets | (1,947.40) | - | - | 434.55 | (1,512.85) |
| Amount of payments made during the year and allowed for tax purposes on payment basis but to be charged to the Statement of Profit and Loss in the subsequent year. | (26.79) | - | - | (21.49) | (48.27) |
| Discounting of long term warranty | (4.35) | - | - | 1.80 | (2.55) |
| Adjustment of undistributed profit of subsidiary and associates | (31.15) | - | - | (10.38) | (41.53) |
| Measurement of financial liabilities carried at amortised cost | (1.27) | - | - | 0.40 | (0.87) |
| **Deferred tax asset** | | | | | |
| Effect of expenditure debited to Statement of Profit and Loss account but allowed for tax purposes in subsequent years | 429.38 | - | 56.29 | (61.25) | 424.42 |
| Provision of inventory obsolescence | 99.89 | - | - | (84.06) | 15.83 |
| Adjustment of unrealized gain / loss | 9.05 | - | - | (4.14) | 4.91 |
| Adjustments for derivatives recognised to fair value hedge | 9.48 | - | - | 24.08 | 33.56 |
| Adjustments for derivatives recognised to cash flow hedge | 65.36 | - | (51.04) | - | 14.32 |
| **Total** | **(1,397.80)** | **-** | **5.25** | **279.51** | **(1,113.03)** |

**Movement in deferred tax liability for the year ended 31 March 2018**

| Particulars | As at 31 March 2017 Re-presented (refer note 36) | Additions through business combination of entities under common control (refer note 36) | Recognised in other comprehensive income | Recognised in Statement of Profit and Loss | 31 March 2018 |
|---|---|---|---|---|---|
| **Deferred tax liability :** | | | | | |
| Property, plant and equipment, investment property and intangible assets | (2,212.15) | (470.83) | - | 735.58 | (1,947.40) |
| Amount of payments made during the year and allowed for tax purposes on payment basis but to be charged to the Statement of Profit and Loss in the subsequent year. | (44.18) | - | - | 17.17 | (26.79) |
| Discounting of long term warranty | (7.23) | - | - | 2.88 | (4.35) |
| Adjustment of undistributed profit of subsidiary and associates | (177.44) | 169.65 | | (23.36) | (31.15) |
| Measurement of financial liabilities carried at amortised cost | (1.67) | - | - | 0.40 | (1.27) |
| Adjustment related to borrowings | - | - | - | - | - |
| **Deferred tax asset :** | | | | | |
| Effect of expenditure debited to Statement of Profit and Loss account but allowed for tax purposes in subsequent years | 288.64 | - | 17.19 | 123.55 | 429.38 |
| Provision of inventory obsolescence | - | - | | 99.89 | 99.89 |
| Adjustment of unrealized gain / loss | 6.23 | - | | 2.82 | 9.05 |
| Adjustments for derivatives recognised through fair value hedge | 0.42 | - | | 9.06 | 9.48 |
| Adjustments for derivatives recognised through cash flow hedge | 9.01 | - | 59.37 | (3.02) | 65.36 |
| Adjustment for capitalisation of stores and spares | 9.76 | - | - | (9.76) | - |
| **Total** | **(2,128.61)** | **(301.18)** | **76.56** | **955.21** | **(1,397.80)** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 19. Trade payables

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises# | 280.26 | 188.35 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 20,492.62 | 17,981.11 |
| **Total** | **20,772.88** | **18,169.46** |

# There are no Micro, Small and Medium Enterprises, to whom the Group owes dues, which are outstanding for more than 45 days as at the year end. The information as required to be disclosed in relation to Micro, Small and Medium Entepises has been determined to the extent such parties have been identified on the basis of infomation avaialble with the Group.

**Total outstanding dues of micro enterprises and small enterprises:-**

| | Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|---|
| i) | The principal amount remaining unpaid to any supplier as at the year end. | 280.26 | 188.35 |
| ii) | The interest due on principal amount remaining unpaid to any supplier as at the end of the year | - | - |
| iii) | The amount of interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), along with the amount of the payment made to the supplier beyond the appointed day during the year | - | - |
| iv) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act; | - | - |
| v) | The amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |
| vi) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure as per the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) | - | - |
| **Total** | | **280.26** | **188.35** |

The Group exposure to currency and liquidity risk related to trade payables is disclosed in note 46.

### 20. Other current liabilities

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Advance from customer | 74.06 | 15.08 |
| Statutory dues* | 1,831.06 | 1,013.28 |
| **Total** | **1,905.12** | **1,028.36** |

* Taxes payable includes withholding tax, GST etc.

### 21. Income tax liabilities

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Provision for income tax (net of advance tax and TDS INR 6,808.12 lakhs) (31 March 2018 : INR 7,115.31 lakhs) | 88.50 | 478.27 |
| **Total** | **88.50** | **478.27** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 22. Revenue from operations

| Particulars | For the year ended 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Sale of products (including excise duty)* | 173,912.53 | 154,768.31 |
| Sale of services | - | 8.56 |
| Other operating revenues | | |
| - Scrap sale | 945.21 | 827.89 |
| - Export income | 538.84 | 426.52 |
| **Total** | **175,396.58** | **156,031.28** |

* Revenue from operations, computed in accordance with Ind AS 115 'Revenue from contracts with customers', for the current year is not comparable with previous year since the same is net of Goods and Service Tax ('GST') whereas excise duty form part of expenses in previous year (uptill 30 June 2017). The comparative revenue from operations of the Group is given below:

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Revenue from operations (as reported) | 175,396.58 | 156,031.28 |
| Less : excise duty on sales | - | 4,104.05 |
| **Revenue from operations (net of excise duty)** | **175,396.58** | **151,927.23** |

### 23. Other income

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| **Other non operating income** | | |
| Interest income on: | | |
| - Bank deposits | 766.44 | 402.51 |
| - Others | 16.77 | 9.35 |
| Rental income | 8.40 | 11.61 |
| Gain on sale of property, plant & equipment (net) | 20.57 | 55.81 |
| Gain on sale of trade investment held for sales | - | 18.37 |
| Miscellaneous income | 327.06 | 175.47 |
| Foreign exchange gain including mark to market valuation (net) | 25.17 | 27.86 |
| **Total** | **1,164.41** | **700.98** |

### 24. Cost of raw material and components consumed

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Inventory at the beginning of the year | 4,123.08 | 4,051.83 |
| Add: purchases during the year | 115,446.81 | 96,393.80 |
| Less: inventory at the end of the year | 4,880.31 | 4,123.08 |
| **Total** | **114,689.58** | **96,322.55** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**25. Purchases of stock-in-trade**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Purchases of stock-in-trade | 834.41 | 1,219.48 |
| **Total** | **834.41** | **1,219.48** |

**26. Changes in inventories of finished goods, work-in-progress and stock-in-trade**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| **Opening inventories** | | |
| Work-in-progress | 1,324.76 | 1,713.35 |
| Finished goods | 2,760.76 | 2,592.99 |
| Stock-in-trade | 8.83 | 6.27 |
| **Closing inventories** | | |
| Work-in-progress | 890.83 | 1,324.76 |
| Finished goods | 3,074.64 | 2,760.76 |
| Stock-in-trade | 8.11 | 8.83 |
| **Net increase/(decrease)** | **120.77** | **218.26** |

**27. Employee benefit expenses**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Salaries wages and bonus | 16,064.76 | 14,624.45 |
| Contribution to provident and other funds (refer note 37 & 38) | 1,062.74 | 1,029.55 |
| Staff welfare expenses | 2,260.05 | 2,097.31 |
| **Total** | **19,387.55** | **17,751.31** |

**28. Finance costs**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Interest to banks* | 1,461.97 | 2,071.22 |
| Interest to others | 57.47 | 10.36 |
| Other borrowing costs | - | 3.88 |
| Bank charges | 35.67 | 59.27 |
| **Total** | **1,555.11** | **2,144.73** |

* Net of interest capitalized of INR 19.74 lakhs (previous year INR 20.05 lakhs)

**29. Depreciation and amortisation expense**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Depreciation on property, plant and equipment (refer note 3A) | 7,905.61 | 8,216.03 |
| Amortisation on intangible assets (refer note 3B) | 1,689.03 | 1,389.08 |
| **Total** | **9,594.64** | **9,605.11** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

### 30. Other expenses

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Consumption of stores and spares | 2,381.65 | 2,001.39 |
| Loose tools consumed | 1,978.79 | 1,657.48 |
| Power and fuel | 2,608.01 | 2,498.83 |
| Excise duty on (decrease) in finished goods | - | (194.31) |
| Repairs and maintenance | | |
| - Plant & machinery | 942.78 | 855.93 |
| - Buildings | 211.27 | 181.75 |
| - Others | 850.84 | 790.31 |
| Royalty | 2,568.21 | 1,770.60 |
| Rent (refer note 40) | 439.34 | 285.93 |
| Rates and taxes | 162.66 | 45.21 |
| Insurance | 116.24 | 137.41 |
| Travelling, conveyance and vehicle expenses | 830.58 | 784.87 |
| Communication and stationery expenses | 267.71 | 225.79 |
| Legal and professional charges | 618.53 | 634.09 |
| Security charges | 270.76 | 266.62 |
| Foreign exchange loss including mark to market valuation | - | 34.07 |
| Selling expenses* | 2,478.57 | 1,423.52 |
| Packing material | 604.55 | 607.81 |
| CSR expenditure (refer note 34) | 62.93 | 75.02 |
| Provision on obsolescence of inventory | 39.71 | 285.59 |
| Payments to auditors | | |
| As Auditor | | |
| Statutory audit fee | 56.75 | 52.00 |
| Tax audit fee | 8.75 | 8.00 |
| Limited review* | 25.50 | 23.35 |
| Other matters | 27.27 | 11.14 |
| Reimbursement of expenses | 11.12 | 4.24 |
| Miscellaneous expenses | 637.75 | 661.71 |
| **Total** | **18,200.27** | **15,128.35** |

* Includes warranty expense of INR 1,042.40 lakhs (previous year INR 125.28 lakhs).

\# Include fees paid to predecessor auditor amounting to nil (previous year INR 3.60 lakhs).

### 31. Tax expense

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| **Income tax recognised in the statement of profit or loss:** | | |
| **Current income tax** | | |
| - Current tax | 4,632.01 | 4,548.60 |
| **Deferred tax** | | |
| - Relating to origination and reversal of temporay differences | (279.51) | (955.21) |
| **Income tax expenses reported in the statement of profit or loss** | **4,352.50** | **3,593.39** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**Reconciliation of effective tax rate :**

**The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 34.944% and the reported tax expense in Statement of Profit and Loss are as follows:**

| Particulars | For the year ended 31 March 2019 | | For the year ended 31 March 2018 Re-presented (refer note 36) | |
|---|---|---|---|---|
| **Profit for the year** | | **12,178.66** | | **10,434.34** |
| Statutory income tax rate of 34.944% (31 March 2018: 34.608%) | 34.94% | 4,255.71 | 34.61% | 3,611.12 |
| Additional deduction allowed in Income tax Act for certain expenditure | -0.30% | (36.46) | -0.23% | (23.64) |
| Expenditure for which deduction is not allowed under income tax Act | 1.60% | 195.24 | 0.45% | 46.62 |
| Capital expenditure not allowed under Income Tax Act | 0.00% | - | 0.04% | 3.87 |
| Share in profit of associates accounted for using equity method | 0.00% | - | -0.71% | (74.16) |
| Change in tax rate for future period | 0.00% | - | -0.07% | (7.53) |
| Tax impact on entities having difference tax rate | -0.76% | (92.33) | 0.00% | - |
| Deferred tax created on undistributed profit of subsidiary | 0.09% | 10.38 | 0.22% | 23.36 |
| Tax pertaining to earlier years | 0.00% | - | 0.00% | 0.48 |
| Other deductions | 0.16% | 19.96 | 0.13% | 13.28 |
| **Effective tax rate** | **35.74%** | **4,352.50** | **34.44%** | **3,593.40** |

**Income tax recognised in Other Comprehensive Income**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| **Deferred tax related to items recognised in OCI during the year:** | | |
| Re-measurement of defined benefit plans | 56.29 | 17.19 |
| Effective portion of loss on cash flow hedge instruments | (51.04) | 59.37 |
| **Income tax expenses reported in Other Comprehensive Income** | **5.25** | **76.56** |

**32. Earnings per equity share**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Profit attributable to equity shareholders* | 7,274.19 | 6,376.11 |
| Basic average number of equity shares outstanding during the year (Nos.) | 244,480,469 | 198,741,832 |
| Effect of equity shares to be issued on account of business combination (Nos.) | - | 35,462,782 |
| Weighted average number of equity shares outstanding during the year (Nos.) | 244,480,469 | 234,204,614 |
| Nominal value of equity shares in INR | 1.00 | 1.00 |
| Earnings per equity share in INR* | | |
| Basic | 2.98 | 2.72 |
| Diluted | 2.98 | 2.72 |

* Pursuant to the amalgamation between the Company and JSAI with effect from 22 June 2017, profit attributable to equity shareholders for comparative period has been re-presented to include the figures of JSAI. Accordingly, as per the requirement of the Ind AS 33, the Basic and Diluted earnings per share of comparative period have also been re-presented taking into consideration the equity shares pending to be issued to the shareholders of JSAI other than the Company as purchase consideration. (For detailed note on amalgamation, refer note 36)

**33. Group information**

**(a) (i) Information about subsidiary**

The Group's details at 31 March 2019 is set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Name of the entity | Principal place of business | Country of incorporation | % equity Interest | |
|---|---|---|---|---|
| | | | 31 March 2019 | 31 March 2018 |
| JTEKT Fuji Kiko Automotive India Limited (formerly known as Sona Fuji Kiko Automotive Ltd.) | Automobile Industry | India | 51.00% | 51.00% |

(ii) **Summarised financial information for subsidiary that has non-controlling interest that are material to the Group:**

The tables below provide summarised financial information for the subsidiary. The information disclosed reflects the amounts presented in the financial statements of the subsidiary and not JTEKT India Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method.

| Summarised balance sheet | JTEKT Fuji Kiko Automotive India Limited (formerly known as Sona Fuji Kiko Automotive Ltd.) | |
|---|---|---|
| | As at 31 March 2019 | As at 31 March 2018 |
| Current assets | 2,954.25 | 2,025.95 |
| Current liabilities | 1,661.96 | 1,175.88 |
| **Net current assets** | **1,292.29** | **850.07** |
| Non-current assets | 3,913.27 | 3,584.56 |
| Non-current liabilities | 237.43 | 234.22 |
| **Net non-current assets** | **3,675.84** | **3,350.34** |
| **Net Assets** | **4,968.13** | **4,200.41** |
| **Accumulated NCI** | **2,434.39** | **2,058.20** |

| Summarised statement of profit and loss | JTEKT Fuji Kiko Automotive India Limited (formerly known as Sona Fuji Kiko Automotive Ltd.) | |
|---|---|---|
| | Year ended 31 March 2019 | Year ended 31 March 2018 |
| Revenue | 10,360.29 | 9,179.39 |
| Profit/(loss) for the year | 1,126.46 | 948.66 |
| Other comprehensive income (net of tax) | 2.93 | 3.81 |
| **Total comprehensive income** | **1,129.39** | **952.47** |
| Total comprehensive income allocated to NCI | 553.41 | 466.70 |

| Summarised cash flow statements | JTEKT Fuji Kiko Automotive India Limited (formerly known as Sona Fuji Kiko Automotive Ltd.) | |
|---|---|---|
| | Year ended 31 March 2019 | Year ended 31 March 2018 |
| Cash flows from operating activities | 1,407.79 | 1,333.17 |
| Cash flows from investing activities | (398.92) | (510.96) |
| Cash flows from financing activities | (373.48) | (469.64) |
| **Net increase/(decrease) in cash and cash equivalents** | **635.39** | **352.57** |

(b) **Interests in Associate**

Set out below is the details of Associate of the Group as at 31 March 2019. The entity listed below have share capital consisting solely of equity shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

| Name of the entity | Principal activities | Place of business | % equity Interest | Relationship | Accounting method |
|---|---|---|---|---|---|
| JTEKT Sona Automotive India Limited# | Automobile industry | India | - | Associate | Equity method |
| Sona Skill Development Centre Limited* | Skill development | India | - | Associate | Equity method |

\# 49.00% up to 21 June 2017 (also refer note 36)

* 49.99% up to 18 May 2017

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Summarised balance sheet | JTEKT Sona Automotive India Limited# | | |
|---|---|---|---|
| | As at 31 March 2019 | As at 31 March 2018 | As at 21 June 2017 |
| Current assets | - | - | 17,018.36 |
| Current liabilities | - | - | 7,105.03 |
| **Net current assets** | **-** | **-** | **9,913.33** |
| Non-current assets | - | - | 12,258.61 |
| Non-current liabilities | - | - | 809.03 |
| **Net non-current assets** | **-** | **-** | **11,449.58** |
| **Net Assets** | **-** | **-** | **21,362.91** |
| **Accumulated share in the Associate** | **-** | **-** | **10,421.98** |

| Summarised statement of profit and loss | JTEKT Sona Automotive India Limited# | | |
|---|---|---|---|
| | As at 31 March 2019 | As at 31 March 2018 | As at 21 June 2017 |
| Revenue | - | - | 13,487.27 |
| Profit for the year | - | - | 399.84 |
| Share of profit of associates accounted for using equity method | - | - | 195.92 |

# The share in associate, net assets and share of profis in the associate has been considered till 21 June 2017 and thereafter eliminated from the consolidated financial statement to give the effect of merger as explained in note 36.

**34. Expenditure on Corporate Social Responsibility (CSR)**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Gross amount required to be spent by the Group as per Section 135 of the Companies Act, 2013 | 182.63 | 166.11 |
| **Amount spent during the year on:** | | |
| a) Construction / acquisition of any asset | - | - |
| b) On purposes other than (a) above | 62.93 | 84.07 |

* CSR obligation as well as actual spend for the year ended 31 March 2018 has been considered for full year in respect of JSAI.

**35. Research and development expenses (R&D expenses)**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|
| Travelling expenses | 1.12 | 5.63 |
| Salary and allowance | 180.27 | 168.62 |
| Components, tools and spares | 8.63 | 12.36 |
| Others | 1.07 | 1.32 |
| **Total** | **191.09** | **187.93** |

**36. Merger information**

The Scheme of Amalgamation (The Scheme) for amalgamation of Company's associate, JTEKT Sona Automotive India Limited ('JSAI') with the Company has been approved by the Principal Bench of National Company Law Tribunal, New Delhi and on completion of the required formalities on 16 March 2019, the Scheme has become effective from the appointed date, i.e., 1 April 2018. JSAI is engaged in the business of manufacturing Column Electric Power Steering Systems ('C-EPS') for the passenger car automobile segment in India. The amalgamation has been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combinations' and comparatives have been re-presented for amalgamation with effect from 22 June 2017 (i.e. the date when JTEKT Corporation, Japan acquired control over the Company). Accordingly, figures of JSAI have been included in all the periods of the Consolidated Financial Statements presented and therefore, the figures for Consolidated Financial Statements for the year ended 31 March 2019 are not comparable with the re-presented Consolidated Financial Statements for the previous year ended 31 March 2018 due to the amalgamation being carried out effective from 22 June 2017 in accordance with Ind AS 103.

Further, in terms of the Scheme, during the year, 45,738,637 Ordinary (Equity) shares of INR 1 each in the Company has been issued and allotted as fully paid up to the shareholders of JSAI other than the Company, in the ratio of 1,582 (one thousand five hundred and eighty two) Ordinary (Equity) Share of INR 1 each fully paid-up in the capital of the Company for every 1,000 (one thousand) fully paid-up Equity Shares

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

of INR 10 each held in JSAI. Consequently, an amount of INR 2,433.80 lakhs representing difference between the consideration issued, cancellation of investments held by the Company in JSAI and value of net identifiable assets acquired has been transferred to Capital Reserve in the Consolidated Financial Statements as at 22 June 2017. The same is presented as "Share Pending Issuance" under "Other Equity" as at 22 June 2017 and 31 March 2018.

The Basic and Diluted earnings per share have been re-presented taking into consideration the equity shares pending to be issued to the shareholders of JSAI other than the Company as purchase consideration.

**(i) Summary of assets and liabilities acquired as a results of scheme is as given below :-** Amount in Lakhs

| Particulars | Amount | Amount |
|---|---|---|
| **A) Assets acquired on 22 June 2017** | | |
| Property, plant and equipment | 9,888.29 | |
| Capital work-in-progress | 429.39 | |
| Intangible assets | 1,433.90 | |
| Intangible assets under development | 4.36 | |
| Non-current financial assets : | | |
| i) Loans | 70.56 | |
| ii) Other financial assets | 7.83 | |
| Income tax assets | 90.58 | |
| Other non-current assets | 333.70 | |
| Inventories | 2,932.00 | |
| Current financial assets : | | |
| i) Trade receivable | 4,587.48 | |
| ii) Cash and cash equivalents | 417.31 | |
| iii) Loans | 2.23 | |
| iv) Other financial assets | 8,096.58 | |
| Other current assets | 982.76 | 29,276.97 |
| **B) Liabilities assumed on 22 June 2017** | | |
| Other equity * | 15,693.92 | |
| Non-current provisions | 338.20 | |
| Deferred tax liabilities (net) | 470.83 | |
| Current financial liabilities | | |
| i) Trade payables | 5,113.76 | |
| ii) Other financial liabilities | 1,587.70 | |
| Current provisions | 87.69 | |
| Other current liabilities | 184.38 | |
| Income tax liabilities | 131.50 | 23,607.98 |
| **Net assets acquired (A-B)** | | **5,668.99** |
| Less : Value of investment cancelled | | (2,777.81) |
| Less : Shares pending issuance | | (457.38) |
| **Net assets acquired transferred to capital reserve** | | **2,433.80** |
| * Other equity acquired on 22 June 2017 (C) | | 15,693.92 |
| Less : Reversal of profits of associate company upto 21 June 2017 already included in retained earnings (D) | | (7,651.78) |
| Less: Reversal of deferred tax liability on undistributed profit of associate company (E) | | 169.65 |
| **Net other equity acquired on 22 June 2017 in consolidated financial (C-D-E)** | | **8,211.79** |

The value of the investments of INR 2,777.81 lakhs in the equity shares of JSAI held by the company shall stand cancelled in the books of the company, without further act or deed.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**37. Contingent liabilities and commitments (to the extent not provided for)**

**A. Capital commitments**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for | 1,719.98 | 3,448.39 |
| **Total** | **1,719.98** | **3,448.39** |

**B. Contingent liabilities**

| Particulars | Period covered | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|---|
| **a. Contingent liabilities, not acknowledged as debt, include:** | | | |
| **1. Claims against the Group not acknowledged as debt on account of #:** | | | |
| **(a) Excise duty matters** | | | |
| Show cause notices received and pending with Adjudication Authority | 2000-01 to 2018-19 | 2,689.09 | 1,759.08 |
| Cases pending before Appellate authorities in respect of which the Group has filed appeals. | 2007-08 to 2011-12 | 491.76 | 465.76 |
| | | **3,180.85** | **2,224.84** |
| **(b) Service tax matters** | | | |
| Show cause notices received and pending with Adjudication Authority | 2004-05 to 2018-19 | 67.05 | 64.94 |
| Cases pending before Appellate authorities in respect of which the Group has filed appeals. | 2009-10 to 2015-16 | 7.33 | 8.73 |
| | | **74.38** | **73.67** |
| **(c) VAT matters** | | | |
| Local Area Development Tax (LADT) levied by Assessing Authority Gurgaon. The Constitutional bench of the Supreme Court in its order dated 11.11.2016 has given certain guidelines relating to power of States to levy tax on entry of goods into local area. The pending cases, including that of the Group is yet to be decided by the regular benches of Supreme Court. | 2007-08 to 2017-18 | 1542.88 | 1,413.47 |
| **(d) Customs duty matters** | | | |
| Show cause notice received from Adjudication Authority (Custom) for Classification issue | 2011-12 to 2012-13 | 58.52 | - |
| Cases pending before Appellate authorities in respect of which the Group has filed appeals. | 2016-17 to 2018-19 | 260.75 | 77.59 |
| | | **319.27** | **77.59** |
| **(e) Stamp Duty matters** | | | |
| Stamp duty in connection with Scheme of Amalgamation approved by Hon'ble NCLT pending for adjudication with Sub Divisional Magistrate, Revenue Department, Delhi | | 1,515.82 | - |
| **(f) Income tax matters** | | | |
| Cases pending before Appellate Authorities in respect of which the Group has filed appeal. The Company has been advised that the above demands are likely to be either deleted or substantially reduced and accordingly no provision is considered necessary. | 2011-12 to 2015-16 | 49.91 | 49.91 |
| **2. Customer bills discounted** | | **1,283.38** | **2,363.22** |
| **3. Letter of credit opened by banks for purchase of inventory/capital goods** | | **2.77** | **170.72** |
| Total | | **7,969.26** | **6,373.42** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**Contribution to provident fund**

Pursuant to recent judgement by the Hon'ble Supreme Court dated 28 February 2019, it was held that basic wages, for the purpose of provident fund, to include special allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. Owing to the aforesaid uncertainty and pending clarification from the authority in this regard, the Group has not recognised any provision for the previous years and current year. Further, management also believes that the impact of the same on the Group will not be material.

# It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements / decisions pending with various forums/authorities.

**38. Employee benefit obligations**

**A. Defined Contribution Plan**

The Group makes contributions, determined as a specified percentage of employee salaries, towards Provident Fund, Superanuation Fund, Punjab Labour Welfare Fund (PLWF) and Employee State Insurance scheme ('ESI') which are collectively defined as defined contribution plan. The Group has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrued. The amount recognized as an expense includes following:

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| a) Employer's contribution to Provident Fund | 631.09 | 570.26 |
| b) Employer's contribution to Superannuation Fund | 216.96 | 214.18 |
| c) Employer's contribution to Employee State Insurance Corporation | 47.63 | 49.08 |
| d) Punjab labour welfare fund (PLWF) | 3.47 | 3.32 |
| | **899.15** | **836.84** |

**B. Defined benefit plan**

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Group made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Group to following risks:

*Interest rate risk:*

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase

*Salary inflation risk:*

Higher than expected increases in salary will increase the defined benefit obligation.

*Demographic risk:*

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

**(i) Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets :**

| Description | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Liability for gratuity | 2,902.10 | 2,563.71 |
| Plan assets for gratutiy | 2,878.68 | 2,571.42 |
| **Net defined benefit liability/(assets)** | **23.42** | **(7.71)** |

As per Ind-AS 19, the Group does not recognise net defined benefit assets amounting to INR 28.34 lakhs (previous year: INR 60.21 lakhs) due to absences of any right to claim the surplus as refund or expected reduction in future contribution to the plan. .

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**(ii) Amount recognised in the Statement of Profit and Loss is as under :**

| Description | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Current service cost * | 203.94 | 196.48 |
| Net interest cost | (0.57) | 3.23 |
| Decrease in unrecoginsed assets | 16.98 | (32.10) |
| **Expense recognised in the Statement of Profit and Loss** | **220.35** | **167.61** |
| Actuarial loss recognised during the year | 160.41 | 45.57 |
| **Amount recognised in the total comprehensive income** | **380.76** | **213.18** |

* Current service cost includes contribution of LIC premium amounting to INR 7.01 lakhs (previous year INR 6.61 lakhs).

**(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under :**

| Description | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| **Present value of defined benefit obligation as at the start of the year** | **2,563.71** | **2,004.75** |
| Additions through Business Combination under common control | - | 245.93 |
| Current service cost | 196.93 | 189.86 |
| Interest cost | 194.97 | 157.91 |
| Actuarial loss on obligation | 161.54 | 49.95 |
| Benefits paid | (215.05) | (84.69) |
| **Present value of defined benefit obligation as at the end of the year** | **2,902.10** | **2,563.71** |

**(iv) Movement in the plan assets recognised in the balance sheet is as under :**

| Description | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| **Fair Value of plan assets at start of the year** | **2,571.42** | **2,088.41** |
| Additions through Business Combination under common control | - | 176.24 |
| Interest income | 195.54 | 160.20 |
| Employer contribution | 325.06 | 225.14 |
| Benefit Paid | (214.47) | (82.95) |
| Actuarial gain on plan assets | 1.13 | 4.38 |
| **Fair Value of plan assets at the end of the year** | **2,878.68** | **2,571.42** |

**(v) Re-measurement recognised in other comprehensive income is as under :**

| Description | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Actuarial loss on defined benefit obligation | 161.54 | 49.95 |
| Return on plan assets excluding interest income | (1.13) | (4.38) |
| **Amount recognised in Other Comprehensive Income** | **160.41** | **45.57** |

**(vi) Bifurcation of actuarial (gain)/loss on defined benefit obligation :**

| Description | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Actuarial (gain)/loss from change in demographic assumption | (87.47) | 95.63 |
| Actuarial (gain)/loss from change in financial assumption | 20.87 | (62.93) |
| Actuarial loss from experience adjustment | 228.14 | 17.25 |
| **Amount recognised in the Other Comprehensive Income** | **161.54** | **49.95** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**(vii) Actuarial assumptions**

**a. Economic assumptions**

The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. Valuation assumptions are as follows which have been selected by the Group :

| Description | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Discount rate | 7.50% | 7.6% to 7.7% |
| Rate of increase in compensation level | 5.5% to 10.0% | 5.5% to 10.4% |

**b. Demographic assumptions**

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

| Description | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Mortality table | IALM (2006-08) | IALM (2006-08) |
| Retirement age | | |
| - Mr. Sudhir Chopra | 65 | 65 |
| - Mr. Kiyozumi Kamiki | - | 65 |
| - Mr. A.D. Rao | 65 | 65 |
| - Mr. Rakesh Gaind | 65 | 65 |
| - Mr. Subramanian Ganesh Iyer | 65 | 58 |
| - Others | 58 | 58 |
| Attrition rate | | |
| - Up to 30 years | 3.00% to 9.67% | 3.00% to 9.66% |
| - 31 to 44 years | 2.00% to 9.67% | 2.00% to 9.66% |
| - Above 44 years | 1.00% to 9.67% | 1.00% to 9.66% |

**(viii) Sensitivity analysis for gratuity liability**

| Description | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| **Impact of the change in discount rate** | | |
| Present value of obligation at the end of the year | 2,902.10 | 2,563.71 |
| - Impact due to increase of 1% | (145.20) | (136.52) |
| - Impact due to decrease of 1% | 161.56 | 152.63 |
| **Impact of the change in salary increase** | | |
| Present value of obligation at the end of the year | 2,902.10 | 2,563.71 |
| - Impact due to increase of 1% | 162.39 | 152.62 |
| - Impact due to decrease of 1% | (148.64) | (139.11) |

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occuring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holiding all other assumptions constant.

Sensevities due to mortality and withdrawls are not material and hence impact of change is not calculated. Sensivity as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy not applicable being a lump sum benefit on retirement.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**(ix) Maturity profile of defined benefit obligation**

| Description | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Within next 12 months | 379.85 | 292.28 |
| Between 1-2 years | 341.78 | 322.00 |
| Between 2-3 years | 322.48 | 273.87 |
| Between 3-4 years | 295.69 | 241.77 |
| Between 4-5 years | 286.60 | 221.73 |
| Above 5 years | 1,276.05 | 1,212.07 |
| **Total** | **2,902.45** | **2,563.72** |

**(x)** Group's best estimate of contribution during next year is INR 240.14 lakhs (previous year INR 179.29 lakhs).

**C. Other long-term employee benefits**

During the year ended 31 March 2019, the Group has created provision for compensated absences towards earned leave amounting to INR 268.80 lakhs (previous year expense of INR 241.25 lakhs). The Group has written back provision towards sick leave amounting to INR 17.91 lakhs (previous year INR 4.31 lakhs). The Group determines the expense for compensated absences basis the actuarial valuation of present value of the obligation, using the Projected Unit Credit Method.

**39. Related party disclosures**

For the purpose of these consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

**i) Holding Company :**

| Name of party | Period |
|---|---|
| 1. JTEKT Corporation, Japan | Full year |

**ii) Key management personnel :**

| Name | Period | Designation |
|---|---|---|
| 1. Mr. Hidekazu Omura | Full year | Chairman |
| 2. Mr. Kiyozumi Kamiki | up to 30 June 2018 | Managing Director |
| 3. Mr. Akihiko Kawano | w.e.f. 01 July 2018 | Managing Director |
| 4. Mr. Sudhir Chopra | Full year | Director (Corporate Affairs) & Company Secretary |
| 5. Mr. Rajiv Chanana | Full year | Chief Financial Officer (Holding Company) |
| 6. Mr. Seiho Kawakami | up to 10 August 2018 | Director |
| 7. Mr. Hirofumi Matsuoka | w.e.f. 11 August 2018 | Director |
| 8. Mr. Ravi Bhoothalingam | Full year | Independent Director |
| 9. Lt. Gen S.S. Mehta (Retd) | Full year | Independent Director |
| 10. Mrs. Geeta Mathur | Full year | Independent Director |
| 11. Mr. Hidehito Araki | w.e.f. 11 August 2018 | Independent Director |
| 12. Mrs. Hiroko Nose | w.e.f. 11 August 2018 | Independent Director |
| 13. Mr. Ramesh Suri | up to 7 July 2018 | Independent Director |
| 14. Mr. Toshiya Miki | Full year | Nominee of Maruti Suzuki India Limited |
| 15. Mr. Deepak Arora | Full Year | Managing Director up to 16 May 2018<br>Director after 16 May 2018 |
| 16. Mr. Yukihiro Hagita | Full Year | Deputy Managing Director up to 16 May 2018<br>Managing Director after 16 May 2018 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Name | Period | Designation |
|---|---|---|
| 17. Mr. Naoyasu Sugimoto | up to 07 August 2018 | Director |
| 18. Mr. Nobuyasu Jindo | up to 07 August 2018 | Director |
| 19. Mr. Kazuya Azumi | up to 07 August 2018 | Director |
| 20. Mr. Masayuki Watanabe | w.e.f 08 August 2018 | Director |
| 21. Mr. Tadaaki Kitagawa | w.e.f 08 August 2018 | Director |
| 22. Mr. Yukitoshi Sato | w.e.f 08 August 2018 | Director |
| 23. Mr. Suresh Shetty | Full Year | Independent Director |
| 24. Mr. Sharvan Kumar Kataria | Full Year | Independent Director |
| 25. Mr. Bhagwan Dass Mangla | Full Year | Chief Financial Officer (Subsidiary Company) |

iii) **Other related parties :**

Fellow subsidiaries and enterprises over which key management personnel or relative of key management personnel are able to exercise significant influence

| Name of party | Period |
|---|---|
| 1. Koyo Bearings India Pvt Ltd | Full year |
| 2. Maruti Suzuki India Limited | Full year |
| 3. JTEKT Thailand Co. Ltd | Full year |
| 4. JTEKT Automotive (Thailand) Co. Ltd. | Full year |
| 5. Koyo Joint (Thailand) Co. Ltd. | Full year |
| 6. Koyo Machine Industries Co. Ltd. | Full year |
| 7. Koyo Kowa Co. Ltd. | Full year |
| 8. Toyoda Micromatic Machinery India Pvt. Ltd. | Full year |
| 9. Fuji Autotech France | Full year |
| 10. Fuji Autotech AB Sweden | Full year |
| 11. Fuji Kiko Company Ltd. | Full year |
| 12. Koyo Joint (XIAMEN) Co. Ltd. | Full year |
| 13. Koyo Electronics India Pvt. Ltd. | Full year |
| 14. PT JTEKT Indonesia | Full year |
| 15. JTEKT Automotive Lyon S.A.S. | Full year |
| 16. Douglas Autotech | Full year |
| 17. Fuji Autotech Thailand Co., Ltd. | Full Year |

iv) **Associates :**

| Name of party | Period |
|---|---|
| 1. Sona Skill Development Centre Limited | Up to 18 May 2017 |
| 2. JTEKT Sona Automotive India Limited | Up to 21 June 2017 |

**Transactions with the above parties :**

| Particulars | Holding Company | Key management personnel | Other related parties | Associates | Total |
|---|---|---|---|---|---|
| **Cash discount paid** | **-** | **-** | **3.17** | **-** | **3.17** |
| *Cash discount paid (previous year)* | *-* | *-* | *(0.74)* | *(74.27)* | *(75.01)* |
| **Commission to director** | - | *50.00* | - | - | *50.00* |
| *Commission to director (Previous Year)* | *-* | *(50.00)* | *-* | *-* | *(50.00)* |
| **Corporate guarantee on loans from bank*** | **322.52** | **-** | **-** | **-** | **322.52** |
| *Corporate guarantee on loans from banks (previous year)** | *(967.55)* | *-* | *-* | *-* | *(967.55)* |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Particulars | Holding Company | Key management personnel | Other related parties | Associates | Total |
|---|---|---|---|---|---|
| **Director sitting fee** | **-** | **56.10** | **-** | **-** | **56.10** |
| *Director sitting fee (previous year)* | *-* | *(99.00)* | *(4.69)* | *-* | *(103.69)* |
| **Dividend paid** | **619.11** | **0.02** | **69.00** | **-** | **688.13** |
| *Dividend paid (previous year)* | *(700.06)* | *(0.10)* | *(69.00)* | *-* | *(769.16)* |
| **Interest income** | **-** | **-** | **6.91** | **-** | **6.91** |
| *Interest income (previous year)* | *-* | *-* | *(5.75)* | *-* | *(5.75)* |
| **Post-employment gratuity** | **-** | **96.24** | **-** | **-** | **96.24** |
| *Post-employment gratuity (previous year)* | *-* | *(129.28)* | *-* | *-* | *(129.28)* |
| **Purchase of capital goods** | **-** | **-** | **618.01** | **-** | **618.01** |
| *Purchase of capital goods (previous year)* | *(4.50)* | *-* | *(236.84)* | *-* | *(241.34)* |
| **Purchase of goods** | **6,684.45** | **-** | **8,033.65** | **-** | **14,718.10** |
| *Purchase of goods (previous year)* | *(5,618.44)* | *-* | *(5,022.09)* | *(1,275.72)* | *(11,916.25)* |
| **Receiving of services** | **73.27** | **-** | **8.97** | **-** | **82.24** |
| *Receiving of services (previous year)* | *(13.41)* | *-* | *(216.14)* | *-* | *(229.55)* |
| **Reimbursement of expenses paid** | **193.85** | **-** | **6.01** | **-** | **199.86** |
| *Reimbursement of expenses paid (previous year)* | *(305.59)* | *(2.03)* | *(0.53)* | *-* | *(308.15)* |
| **Reimbursement of expenses recovered** | **50.82** | **-** | **38.52** | **-** | **89.34** |
| *Reimbursement of expenses recovered (previous year)* | *(62.22)* | *-* | *(9.56)* | *(1.30)* | *(73.08)* |
| **Rendering of services** | **-** | **-** | **-** | **-** | **-** |
| *Rendering of services (previous year)* | *-* | *-* | *-* | *(6.90)* | *(6.90)* |
| **Rent paid** | **-** | **-** | **-** | **-** | **-** |
| *Rent paid (previous year)* | *-* | *-* | *(1.20)* | *-* | *(1.20)* |
| **Rent received** | **-** | **-** | **-** | **-** | **-** |
| *Rent received (previous year)* | *-* | *-* | *-* | *(8.90)* | *(8.90)* |
| **Royalty** | **2,376.32** | **-** | **191.89** | **-** | **2,568.21** |
| *Royalty (previous year)* | *(1,864.01)* | *-* | *(1.87)* | *-* | *(1,865.88)* |
| **Sale of capital goods** | **-** | **-** | **-** | **-** | **-** |
| *Sale of capital goods (previous year)* | *-* | *-* | *(2.58)* | *-* | *(2.58)* |
| **Sale of goods** | **38.75** | **-** | **113,647.04** | **-** | **113,685.79** |
| *Sale of goods (previous year)* | *(59.33)* | *-* | *(71,789.08)* | *(2,945.69)* | *(74,794.10)* |
| **Security deposit received** | **-** | **-** | **-** | **-** | **-** |
| *Security deposit received (previous year)* | *-* | *-* | *-* | *(20.06)* | *(20.06)* |
| **Short-term employee benefits** | **-** | **375.42** | **-** | **-** | **375.42** |
| *Short-term employee benefits (previous year)* | *-* | *(364.71)* | *-* | *-* | *(364.71)* |
| **Technical support fee** | **973.43** | **-** | **-** | **-** | **973.43** |
| *Technical support fee (previous year)* | *(278.50)* | *-* | *-* | *-* | *(278.50)* |

*Figures in bracket are in respect of the previous year*

| Outstanding balances | Holding Company | Key management personnel | Other related parties | Associates | Total |
|---|---|---|---|---|---|
| **Outstanding balance as on 31 March 2019 (debit)** | **7.21** | **-** | **10,885.29** | **-** | **10,892.50** |
| Outstanding balance as on 31 March 2018 (debit) | (8.79) | - | (6,996.17) | - | (7,004.96) |
| **Outstanding balance as on 31 March 2019 (credit)** | **2,770.73** | **0.34** | **1,215.17** | **-** | **3,986.24** |
| Outstanding balance as on 31 March 2018 (credit) | (2,508.20) | - | (580.79) | - | (3,088.99) |

*Figures in bracket are in respect of the previous year (refer note 36)*

**Foreign currency loans of Rs. Nil (31 March 2018: Rs. 350.94 lakhs) against the corporate guarantee given by the holding company, JTEKT Corporation, Japan.*

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**40. Leases**

**In case of assets taken on lease**

*Operating Lease:*

The Group had taken residential properties, cars for its employees, factory and office premise under operating lease agreement having a lease term ranging from 11 months to 60 months. These leases are renewable by mutual consent on mutually agreed terms. The minimum lease payments are as follows:

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Lease payments for the year recognised in the Statement of Profit and Loss | 439.34 | 285.93 |
| **Minimum lease payments:** | | |
| - Not later than one year | 65.36 | 65.73 |
| - Later than one year but not later than five years | 36.94 | 120.72 |
| **Total** | **102.30** | **186.45** |

**41. Segment information**

The Group is engaged in the business of manufacturing and assembling of automotive components. The Board of Directors being the Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by industry classes. All operating segments' operating results are reviewed regularly by CODM to make decisions about resources to be allocated to the segments and assess their performance. CODM believes that these are governed by same set of risk and returns hence CODM reviews as one balance sheet component. Further, the economic environment in which the Group operates is significantly similar and not subject to materially different risk and rewards. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

**Geographical information**

The Group's revenue from operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

**Revenue from Operations**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| **Revenue from external customers** | | |
| India | 164,865.52 | 146,726.19 |
| Abroad | 10,531.06 | 9,305.09 |
| **Total** | **175,396.58** | **156,031.28** |

**Non current assets**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| India | 55,334.96 | 58,695.71 |
| Abroad | - | - |
| **Total** | **55,334.96** | **58,695.71** |

**Major customer**

Revenue from transactions of the Company with some of its OEM customers exceed 10 per cent or more of the Company's total revenue

**42. Transfer pricing**

The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. The management is of the opinion that its international transactions are at

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

**43. Dividend**

The Board of Directors of the Company in its meeting held on 17 May 2019, proposed a dividend of INR 1,955.84 (INR 0.80 per share) to the equity shareholders. The dividend will be remitted post the approval of shareholders in the ensuing Annual General Meeting ('AGM').

**44. Assets pledged as security**

| Particulars | As at 31 March 2018 | As at 31 March 2017 Re-presented (refer note 36) |
|---|---|---|
| **Current assets** | | |
| Financial assets | | |
| *Pari-passu charge* | | |
| - Trade receivables | 27,093.33 | 26,158.78 |
| - Cash and cash equivalents | 11,221.13 | 379.91 |
| - Other bank balances | 156.72 | 7680.00 |
| - Loans | 132.51 | 96.13 |
| - Other financial assets | 798.93 | 484.75 |
| Inventories | 10,445.47 | 9,345.73 |
| Other current assets | 1,556.64 | 1,162.14 |
| **Total current assets pledged as security** | **51,404.73** | **45,306.72** |
| **Non-current assets** | | |
| *Pari-passu charge* | | |
| - Property, plant and equipment | 34,112.00 | 38,293.62 |
| - Capital work-in-progress | 876.94 | 1,953.95 |
| - Intangible assets | 5,607.68 | 5,175.64 |
| - Intangible assets under development | 55.20 | 367.37 |
| - Loans | 315.04 | 174.51 |
| - Other financial assets | 40.31 | 33.21 |
| - Income tax assets | 569.15 | 673.48 |
| - Other non-current assets | 112.84 | 393.21 |
| **Total non-current assets pledged as security** | **41,689.16** | **47,064.99** |
| **Total assets pledged as security** | **93,093.89** | **92,371.71** |

**45 Fair value disclosures**

**i) Fair values hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial statements that are

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into three levels prescribed under the accounting standard.

All financial instruments for which fair value is recognised or disclosed are categorised with in the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**ii) Financial instruments by category & fair value**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments.

| Particulars | Note | Level of hierarchy | As at 31 March 2019 | | | | As at 31 March 2018 Re-presented (refer note 36) | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Carrying amount | FVTPL | FVOCI | Amortised cost | Carrying amount | FVTPL | FVOCI | Amortised cost |
| **Financial assets** | | | | | | | | | | |
| **Non current** | | | | | | | | | | |
| Loans | | | | | | | | | | |
| - Security deposits | b | | 315.08 | - | - | 315.08 | 179.40 | - | - | 179.40 |
| - Loan to employees | b | | 10.91 | - | - | 10.91 | 5.61 | - | - | 5.61 |
| Other financial assets | | | | | | | | | | |
| - Bank deposits with maturity after 12 months from the reporting date | b | | - | - | - | - | 32.14 | - | - | 32.14 |
| - Interest accrued but not due on deposits | d | 2 | - | - | - | - | 1.07 | - | - | 1.07 |
| - Interest rate swaps used for hedging | d | 2 | 40.31 | - | 40.31 | - | - | - | - | - |
| **Current** | | | | | | | | | | |
| Trade receivables | a | | 26,828.91 | - | - | 26,828.91 | 25,795.70 | - | - | 25,795.70 |
| Cash and cash equivalents | a | | 12,212.44 | - | - | 12,212.44 | 735.11 | - | - | 735.11 |
| Other bank balances | a | | 156.72 | - | - | 156.72 | 7,680.00 | - | - | 7,680.00 |
| Loans | | | - | - | - | - | - | - | - | - |
| - Security deposits | a | | 69.06 | - | - | 69.06 | 67.29 | - | - | 67.29 |
| - Loan to employees | a | | 63.87 | - | - | 63.87 | 29.26 | - | - | 29.26 |
| Other financial assets | | | | | | | | | | |
| - Interest accrued but not due on deposits | a | | 8.55 | - | - | 8.55 | 59.72 | - | - | 59.72 |
| - Forward exchange contracts used for hedging | d | 2 | - | - | - | - | 45.62 | 45.62 | - | - |
| - Interest rate swaps used for hedging | d | 2 | 52.40 | 52.40 | - | - | - | - | - | - |
| - Unbilled revenue | a | | 737.98 | - | - | 737.98 | 379.41 | - | - | 379.41 |
| **Total** | | | **40,496.23** | **-** | **92.71** | **40.403.52** | **34,950.61** | **45.62** | **-** | **34,964.71** |

| Particulars | Note | Level of hierarchy | As at 31 March 2019 | | | | As at 31 March 2018 Re-presented (refer note 36) | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Carrying Amount | FVTPL | FVOCI | Amortised cost | Carrying Amount | FVTPL | FVOCI | Amortised cost |
| **Financial liabilities** | | | | | | | | | | |
| **Non current** | | | | | | | | | | |
| Borrowings | c | | 4,744.93 | - | - | 4,744.93 | 9,856.82 | - | - | 9,856.82 |
| Other financial liabilities | | | | | | | | | | |
| - Security deposits | b | | - | - | - | - | 3.00 | - | - | 3.00 |
| - Interest rate swaps used for hedging | d | 2 | - | - | - | - | 45.40 | - | 45.40 | - |
| **Current** | | | | | | | | | | |
| Borrowings | c | | 8,887.62 | - | - | 8,887.62 | 7,416.66 | - | - | 7,416.66 |
| Trade payable | | | | | | | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | a | | 280.26 | - | - | 280.26 | 188.35 | - | - | 188.35 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | a | | 20,492.62 | - | - | 20,492.62 | 17,981.11 | - | - | 17,981.11 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| Particulars | Note | Level of hierarchy | As at 31 March 2019 | | | | As at 31 March 2018 Re-presented (refer note 36) | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Carrying Amount | FVTPL | FVOCI | Amortised cost | Carrying Amount | FVTPL | FVOCI | Amortised cost |
| Other financial liabilities | | | | | | | | | | |
| - Current maturities of long-term borrowings | a | | 5,205.72 | - | - | 5,205.72 | 5,955.19 | - | - | 5,955.19 |
| - Interest accrued but not due on borrowings | a | | 23.09 | - | - | 23.09 | 53.46 | - | - | 53.46 |
| - Security deposits | a | | 46.69 | - | - | 46.69 | 28.74 | - | - | 28.74 |
| - Unclaimed dividends | a | | 230.91 | - | - | 230.91 | 221.46 | - | - | 221.46 |
| - Forward exchange contracts used for hedging | d | 2 | 97.42 | 97.42 | - | - | - | - | - | - |
| - Interest rate swaps used for hedging | d | 2 | - | - | - | - | 17.54 | - | 17.54 | - |
| - Employee dues | a | | 1,160.68 | - | - | 1,160.68 | 1,389.30 | - | - | 1,389.30 |
| - Creditors for capital goods | a | | 867.82 | - | - | 867.82 | 892.82 | - | - | 892.82 |
| **Total** | | | **42,037.76** | **97.42** | **-** | **41,940.34** | **44,049.85** | **-** | **62.94** | **43,986.91** |

a. Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

b. Fair value of non-current financial assets and liabilities have not been disclosed as there is no significant differences between carrying value and fair value.

c. Fair value of borrowing is considered to be the same as its carrying value, as there is no change in the lending rates.

d. Fair value of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The model incorporate various inputs include the credit quality of counter-parties and foreign exchange forward rates.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2019 and 31 March 2018.

**46. Financial risk management**

The Group is primarily engaged in the manufacturing steering systems and other auto componets for passenger and utlity vehicle manufactures. The Group's principal financial liabilities, comprises loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to support the Group's operations. The Group's principal financial assets include investments in equity, trade and other receivables, security deposits, cash and employee advances that derive directly from its operations. The Group also enters into derivative transactions viz. Cost Currency Interest Rate Swap and Principal and Interest Swaps.

The Group has exposure to the following risks arising from financial instruments

- Credit risk [see (A)];
- Liquidity risk [see (B)]; and .
- Market risk [see (C)].

**Risk Management Framework**

The Group's activities makes it susceptible to various risks. The Group has taken adequate measures to address such concerns by developing adequate systems and practices. The Group's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Group's financial performance.

The Group's senior management oversee the management of these risks and advises on financial risks and the appropriate financial risk governance framework for the Group. The Board provides assurance to the shareholders that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

| Risk | Exposure arising from | Measurement | Management of risk |
|---|---|---|---|
| Credit Risk | Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost. | Ageing analysis,Credit ratings | Diversification of bank deposits, credit limits and letter of credit. |
| Liquidity Risk | Borrowings and liabilities | Cash flow forecasting, sensitivity analysis | Availability of borrowing facilities, forward contracts, CCIRS. |
| Market risk - foreign currency risk | Future commercial transactions, recognised financial liabilities not denominates in Indian Rupee (INR) | Cash flow forecasting, sensitivity analysis | Cross currency principal interest swaps |
| Market risk – interest rate risk | Long-term borrowings at variable rates | Sensitivity analysis | Cross currency principal interest swaps |

### A) Credit risk

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

*Trade receivables*

Ind AS requires expected credit losses to be measured through a loss allowance. The Group assesses at each date of balance sheet position whether a financial asset or a Group of financial assets is impaired. The Group recognises lifetime expected losses for all contract assets and/ or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Group's exposure to customers is diversified and more than 90% revenue is recognised from OEM's. However there was no default on account of these customers in the history of Group.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits to customer. Limits and scoring attributed to customers are reviewed on periodic basis.

The Group performs credit assessment for customers on an annual basis and recognizes credit risk, on the basis lifetime expected losses and where receivables are due for more than six months.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

**(a) Financials assets for which allowance is measured using 12 months expected credit losses.**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Loans | 132.93 | 96.55 |
| Other financials assets | 798.93 | 484.75 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**(b) The ageing analysis of trade receivables for which loss allowance is measured using Life time expeceted credit losses as at the reporting data is as follows:**

| Particulars | As at 31 March 2019 | 0-6 months | 6-12 months | More than 12 months |
|---|---|---|---|---|
| Gross Carrying amount | 26,828.91 | 26,790.07 | 9.15 | 29.69 |
| Expected credit loss (Loss allowance provision) | - | - | - | - |
| Carrying amount of trade receivables | 26,828.91 | 26,790.07 | 9.15 | 29.69 |

| Particulars | As at 31 March 2018 Re-presented (refer note 36) | 0-6 months | 6-12 months | More than 12 months |
|---|---|---|---|---|
| Gross Carrying amount | 25,795.70 | 25,721.05 | 59.52 | 15.13 |
| Expected credit loss (Loss allowance provision) | - | - | - | - |
| Carrying amount of trade receivables | 25,795.70 | 25,721.05 | 59.52 | 15.13 |

**(c) The Group's exposure to credit risk for trade receivable by geographic region is as follows:**

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| India | 24,579.46 | 24,173.33 |
| USA | 1,972.15 | 1,477.84 |
| France | 236.09 | 144.53 |
| Japan | 7.03 | - |
| UK | 31.69 | - |
| Korea | 2.49 | - |
| **Total** | **26,828.91** | **25,795.70** |

*Financial instruments and cash deposits*

Credit risk from balances with banks and financial institutions is managed by the Corporate finance department in accordance with the Group's policy. Investments of surplus funds are made only in schemes of alternate investment fund/or other appropriate avenues including term and recurring deposits with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group places its cash and cash equivalents and term deposits with banks with high investment grade ratings, limits the amount of credit exposure with any one bank and conducts ongoing evaluation of the credit worthiness of the banks with which it does business. Given the high credit ratings of these banks, the Group does not expect these banks to fail in meeting their obligations. The maximum exposure to credit risk for the components of the balance sheet at 31 March 2019 and 31 March 2018 is represented by the carrying amount of each financial asset.

**B) Liquidity risk**

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, buyers credit and bank loans. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and includes contractual interest payments:

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

| 31 March 2019 | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying value as at 31 March 2019 | Less than 1 year | 1-2 year | 2-3 year | More than 3 years |
| **Non derivative financial liabilities** | | | | | |
| Borrowings (Including interest accrued but not due on borrowings) | 18,861.36 | 14,809.63 | 2,937.41 | 1,403.98 | 886.35 |
| Trade payables | 20,772.88 | 20,772.88 | - | - | - |
| Other financial liabilities | | | | | |
| - Security deposits | 46.69 | 46.69 | - | - | - |
| - Unclaimed dividends | 230.91 | 230.91 | - | - | - |
| - Employee dues | 1,160.68 | 1,160.68 | - | - | - |
| - Creditors for capital goods | 867.82 | 867.82 | - | - | - |
| **Derivative financial liabilities** | | | | | |
| Other financial liabilities | | | | | |
| - Forward exchange contarcts used for hedging | 97.42 | 97.42 | - | - | - |
| - Interest rate swaps used for hedging | - | - | - | - | - |
| **Total** | **42,037.76** | **37,986.03** | **2,937.41** | **1,403.98** | **886.35** |

| 31 March 2018 | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying value As at 31 March 2018 Re-presented (refer note 36) | Less than 1 year | 1-2 year | 2-3 year | More than 3 years |
| **Non derivative financial liabilities** | | | | | |
| Borrowings (Including interest accrued but not due on borrowings) | 23,282.14 | 14,614.88 | 5,851.14 | 2,912.67 | 2,279.41 |
| Trade payables | 18,169.46 | 18,169.46 | - | - | - |
| Other financial liabilities | | | | | |
| - Security deposits | 31.74 | 28.74 | 3.00 | - | - |
| - Unclaimed dividends | 221.46 | 221.46 | - | - | - |
| - Employee dues | 1,389.30 | 1,389.30 | - | - | - |
| - Creditors for capital goods | 892.82 | 892.82 | - | - | - |
| **Derivative financial liabilities** | | | | | |
| Other financial liabilities | | | | | |
| - Forward exchange contarcts used for hedging | - | - | - | - | - |
| - Interest rate swaps used for hedging | 62.94 | 17.54 | 45.40 | - | - |
| **Total** | **44,049.86** | **35,334.20** | **5,899.54** | **2,912.67** | **2,279.41** |

C) **Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises following types of risk: interest rate risk, currency risk and price risk. Financial instruments affected by market risk include loans and borrowings, investment, deposits, advances and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2019 and 31 March 2018. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of floating to fixed interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant in place at 31 March 2019.

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

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2019 and 31 March 2018.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**a) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and borrowings in foreign currency (ECB borrowings).

The Group manages its foreign currency risk by entering into derivatives. When a derivative is entered into for the purpose of hedging, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure.

(i) **Foreign currency risk exposure**

Details of unhedged foreign currency exposures is as follows:

| Particulars | As at 31 March 2019 | | As at 31 March 2018 Re-presented (refer note 36) | |
|---|---|---|---|---|
| | Foreign currency | Rupee INR | Foreign currency | Rupee INR |
| **Financial assets** | | | | |
| Receivables (trade & others) | | | | |
| USD | 29.17 | 2,006.41 | 22.98 | 1,477.84 |
| EURO | 3.08 | 236.09 | 1.83 | 144.53 |
| JPY | 11.35 | 7.00 | 16.54 | 9.96 |
| **Financial liabilities** | | | | |
| Payables (trade & others) | | | | |
| USD | 1.59 | 110.97 | 6.03 | 396.79 |
| EURO | 0.49 | 38.55 | 0.33 | 26.59 |
| JPY | 416.39 | 263.57 | 1,058.86 | 658.51 |
| CHF | - | - | 0.05 | 3.22 |
| SGD | - | - | - | - |
| GBP | - | - | - | - |
| **Borrowings - others** | | | | |
| USD | 27.36 | 1,905.13 | 10.26 | 675.18 |

The outstanding forward exchange contracts and currency swap & interest rate swap contracts as at the end of the year entered by the Group for the purpose of hedging its foreign currency exposures are as follows:

| Particulars | As at 31 March 2019 | | As at 31 March 2018 Re-presented (refer note 36) | |
|---|---|---|---|---|
| | Foreign currency | Rupee INR | Foreign currency | Rupee INR |
| **Financial liabilities** | | | | |
| Payables (trade & others) | | | | |
| USD | 5.79 | 403.01 | 8.28 | 544.73 |
| JPY | 4,179.11 | 2,645.38 | 3,455.93 | 2,149.25 |
| CHF | 0.36 | 25.39 | 0.21 | 14.32 |
| **Borrowings - ECB** | | | | |
| USD | 27.06 | 1,896.82 | 55.19 | 3,658.85 |

The following significant exchange rates were applied at the year end:

| Particulars | Year end rates | |
|---|---|---|
| | As at 31 March 2019 | As at 31 March 2018 |
| **Financial assets** | | |
| Receivables (trade & others) | | |
| USD / INR | 68.78 | 64.30 |
| EURO / INR | 76.69 | 78.77 |
| JPY / INR | 0.62 | 0.60 |
| **Financial liabilities** | | |
| Payables (trade & others) | | |
| USD / INR | 69.63 | 65.80 |
| EURO / INR | 78.68 | 81.26 |
| JPY / INR | 0.63 | 0.62 |
| CHF / INR | - | 69.26 |
| **Borrowings - ECB & Others** | | |
| USD / INR | 69.63 | 65.80 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**Sensitivity analysis**

Any changes in the exchange rate of foreign currency against INR is not expected to have significant impact on the Group's profit due to the short credit period. Accordingly, a 1% appreciation/depreciation of the INR as indicated below, against the foreign currencies would have increased/reduced profit by the amounts shown below. This analysis is based on the foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variable remains constant.

| Particulars | Statement of profit and loss or Other comprehensive income | Currency | Exchange rate increase by 1% | | Exchange rate decrease by 1% | |
|---|---|---|---|---|---|---|
| | | | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
| Receivables (trade & others) | Statement of profit and loss | USD | 20.06 | 14.78 | (20.06) | (14.78) |
| | Statement of profit and loss | EURO | 2.36 | 1.45 | (2.36) | (1.45) |
| | Statement of profit and loss | JPY | 0.07 | 0.10 | (0.07) | (0.10) |
| Payables (trade & others) | Statement of profit and loss | USD | 1.11 | 3.97 | (1.11) | (3.97) |
| | Statement of profit and loss | EURO | 0.39 | 0.27 | (0.39) | (0.27) |
| | Statement of profit and loss | JPY | 2.64 | 6.59 | (2.64) | (6.59) |
| | Statement of profit and loss | CHF | - | 0.03 | - | (0.03) |
| Borrowings - others | Statement of profit and loss | USD | 19.05 | 6.75 | (19.05) | (6.75) |

(ii) **Foreign exchange derivative contracts**

The Group tries to mitigate foreign exchange risk by entering into appropriate hedging instruments as considered necessary from time to time. Depending on the future outlook on currencies, the Group may keep the exposures un-hedged or hedged only as a part of the total exposure. The Group does not enter into a foreign exchange derivative transactions for speculative purposes.

The following table details the foreign currency derivative contracts outstanding at the end of the reporting period:

| Category of derivative instrument | Purpose of derivative instrument | Currency | Outstanding principal (in Foreign currency) As at 31 March 2019 | Outstanding principal (in Foreign currency) As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|---|---|
| Currency swap & interest rate swap | Hedge against exposure on loan repayment for USD loan and its interest payments. The interest rate has been swapped to pay fixed interest | USD | 27.06 | 55.19 |
| Forward contacts | Hedge taken for the purpose of hedging its foreign currency exposures in trade payables / trade receivables | USD | 5.79 | 8.28 |
| Forward contacts | Hedge taken for the purpose of hedging its foreign currency exposures in trade payables / trade receivables | JPY | 4,179.11 | 3,455.93 |
| Forward contacts | Hedge taken for the purpose of hedging its foreign currency exposures in trade payables / trade receivables | CHF | 0.36 | 0.21 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

**b) Interest rate risk**

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

The Group enters Cross Currency Interest Rate Swaps to manage its Forex and interest rate risk, in which it agrees to exchange, at specified intervals, the difference between floating and fixed rate interest amounts calculated by reference to an agreed-upon notional principal amount.

**(i) Liabilities**

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2018, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group's investments in Fixed Deposits all pay fixed interest rates.

*Interest rate risk exposure*

Below is the overall exposure of the Group to interest rate risk:

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Variable rate borrowing | 16,941.45 | 19,572.49 |
| Fixed rate borrowing | 1,896.82 | 3,656.19 |
| **Total borrowings** | **18,838.27** | **23,228.68** |

*Sensitivity*

Below is the sensitivity of profit or loss and equity changes in interest rates.

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| **Interest sensitivity*** | | |
| Interest rates – increase by 50 bps basis points | 84.71 | 97.86 |
| Interest rates – decrease by 50 bps basis points | (84.71) | (97.86) |

* Holding all other variables constant

**(ii) Assets**

The Group's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**c) Equity Price risk**

The Group's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

**47. Capital management**

**i) The Group' s capital management objectives are**

The Board policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital employed, as well as the level of dividends to equity shareholders. The Group manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios,

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

(All amount are in INR lakhs, unless otherwise stated)

such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. The Group uses debt ratio as a capital management index and calculates the ratio as net debt divided by total equity. net debt and total equity are based on the amounts stated in the financial statements.

| Particulars | As at 31 March 2019 | As at 31 March 2018 Re-presented (refer note 36) |
|---|---|---|
| Total borrowings (includes non-current borrowings, current borrowings and current maturities of non-current borrowings) | 18,838.27 | 23,228.68 |
| Less : cash and cash equivalent | (12,212.44) | (735.11) |
| **Net debt** | **6,625.83** | **22,493.57** |
| Total equity | 59,290.65 | 54,442.04 |
| **Debt ratio** | **0.11** | **0.41** |

ii) **Loan covenants**

The term loan arrangements contain certain capital restrictions to be complied including debt-service coverage ratio, interest coverage ratio, current ratio, fixed asset coverage ratio, return on capital employed, net borrowings to EBITDA ratio etc. In case of any deviation from the capital restrictions as defined in the loan agreements, the Company is liable to communicate the same to respective banks, which may either be waived by the banks if not material or Company shall take necessary action to meet the requisite conditions. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period which would require the banks to recall any borrowings.

iii) **Dividend**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Dividend not recognised at the end of the reporting period:** | | |
| Proposed final dividend per share INR 0.80 (31 March 2018: INR 0.50 per share) | 1,955.84 | 993.71 |

**48. Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosures.**

As per our report of even date attached.

For **B S R & Co. LLP**
*Chartered Accountants*
ICAI Firm Registration no. : 101248W/W-100022

**Shashank Agarwal**
*Partner*
Membership no. : 095109

Place : Gurugram
Date : 17 May 2019

For and on behalf of the Board of Directors of
**JTEKT India Limited**
**(Formerly known as Sona Koyo Steering Systems Limited)**

**Hiroshi Ii**
*Chairman*
DIN 08385716

**Akihiko Kawano**
*Managing Director*
DIN 08160588

**Sudhir Chopra**
*Director (Corporate Affairs) and Company Secretary*
DIN 00058148

**Rajiv Chanana**
*Chief Financial Officer*

Place : Gurugram
Date : 17 May 2019

(All amount are in INR lakhs, unless otherwise stated)

# FORM AOC - 1

**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

**Part "A" : Subsidiary**

**Statement pursuant to section 129 (3) of the Companies Act, 2013 related to subsidiary company**

| | | |
|---|---|---|
| 1. | Name of the subsidiary | **JTEKT Fuji Kiko Automotive India Limited (formerly known as Sona Fuji Kiko Automotive Ltd)** |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | N.A. |
| 3. | Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiary | N.A. |
| 4. | Equity share capital | 1,000.00 |
| 5. | Other equity | 3968.13 |
| 6. | Total assets | 6867.52 |
| 7. | Total liabilities | 1,899.39 |
| 8. | Investments | - |
| 9. | Revenue from operations | 10360.29 |
| 10. | Profit before taxation | 1590.96 |
| 11. | Provision for taxation | 464.5 |
| 12. | Profit after taxation | 1126.46 |
| 13. | Other comprehensive income | 2.93 |
| 14. | Total comprehensive income | 1129.39 |
| 15 | Proposed dividend | - |
| 16 | % of shareholding | 51% |

**Notes:**

(a) There is no subsidiary which is yet to commence operations.

(b) There is no subsidiary which has been liquidated or sold during the year.

For and on behalf of the Board of Directors of
**JTEKT India Limited**
**(Formerly known as Sona Koyo Steering Systems Limited)**

**Hiroshi Ii**
*Chairman*
DIN 08385716

**Akihiko Kawano**
*Managing Director*
DIN 08160588

**Sudhir Chopra**
*Director (Corporate Affairs) and Company Secretary*
DIN 00058148

**Rajiv Chanana**
*Chief Financial Officer*

Place : Gurugram
Date : 17 May 2019

# NOTES

# JTEKT

JTEKT

Set of Guiding Principles


JTEKT

## Corporate Philosophy

Seek to contribute to the happiness of people and the abundance of society through product manufacturing that wins the trust of society.

## JTEKT Group Vision

**Shaping a better future**
**through the Spirit of "No 1 & Only One"**

We will be an invaluable partner with our customers, our suppliers, and out team members.

We will deliver "No 1, Only One" products and services through "Building Values", "Building Excellent Products", Building Professionals"

**Building Values**

Provide Values to Customers by delivering products and services that exceeds their expectations.

**Building Excellent Products**

Astonish the world with "Monozukuri" the art of refined craftsmanship and superior quality

**Building Professional**

Develop a team composed of individuals working together, acting with initiatives, confidence, pride and passion as global members of JTEKT

---

## Customer first

We are committed to look at things from customer's viewpoint, and sincerely respond to customer's requests.

We are committed to create values that are new to the world, to deliver products and services that exceed customer's expectation.

## Ownership

We are committed to take everything as our own business.

We are committed to grasp the essence of things and take prompt action.


## Continuous kaizen

We are committed to go and see for ourselves to thoroughly understand the situation, and identify root causes.

We are committed to, with enthusiasm for imaginativeness and inventiveness, diligently continue Kaizen challenges.

## Teamwork and self-discipline

We are committed to be self-disciplined, and perform any task with a sense of urgency.

We are committed to actively communicate to unite the power of each other.

## Aspiration for innovation and for technique

We are committed to limitlessly heighten our technology and skills to become a front runner in innovation.

We are committed to foster a culture to keep each of us humble in learning things and developing each other.

JTEKT INDIA LIMITED

(Formerly known as Sona Koyo Steering Systems Limited)

(CIN : L29113DL1984PLC018415)

Regd. Office: UGF-6, Indraprakash, 21, Barakhamba Road, New Delhi 110 001, INDIA
Ph: +91 (11) 2331 1924, 2332 7205 I Website: www.jtekt.co.in