

26<sup>th</sup> August, 2020

**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 36<sup>th</sup> Annual General Meeting of the Company and Annual Report 2019-20.**

Dear Sir,

We wish to inform you that 36<sup>th</sup> Annual General Meeting of the Members of the Company will be held on **Wednesday, the 23<sup>rd</sup> September, 2020 at 11.00 a.m.** through Video Conferencing / Other Audio Visual Means.

In compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find herewith the Notice of 36<sup>th</sup> Annual General Meeting and Annual Report for the Financial Year 2019-20 of the Company.

We request you to take the same on record.

Thanking you,

Yours faithfully,  
For **JTEKT INDIA LIMITED**



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



# 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.

Tel.No.: 011-23311924, 23327205

Email: investorgrievance@jtekt.co.in, Website: www.jtekt.co.in

## NOTICE

Notice is hereby given that the Thirty Sixth Annual General Meeting of the Members of JTEKT India Limited (formerly known as Sona Koyo Steering Systems Limited) will be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") as under:

Day : Wednesday  
Date : 23rd September, 2020  
Time : 11.00 AM

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, 2020, including audited Balance Sheet as at 31st March, 2020, 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, 2020.
- 3) To appoint a Director in place of Mr. Akihiko Kawano (DIN 08160588) 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** pursuant to provisions of Sections 152, 160 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 Regulation 17A, 36 and any other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Hitoshi Mogi (DIN 08741355), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 16th May, 2020, 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 Director, be and is hereby appointed as Director of the Company whose office is not liable to retire by rotation."

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

Dated : 22nd June, 2020

By Order of the Board

**Nitin Sharma**  
**Company Secretary**

[Membership No. – F6217]

### NOTES:

- 1) Considering the present Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read together with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
- 2) A statement pursuant to Section 102(1) of the Act, relating to the Special Business to be transacted at the AGM is annexed hereto.
- 3) Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.
- 4) Participation of Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- 5) Since the AGM will be held through VC / OAVM, the route map of the venue of the Meeting is not annexed hereto.
- 6) Details of Directors retiring by rotation / seeking appointment / re-appointment at this Meeting are provided in the "Annexure" to the Notice.
- 7) The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2011-12, from time to time, to the Investor Education and Protection Fund ("IEPF") established by the Central Government.
- 8) 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](http://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 2013 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. [www.jtekt.co.in](http://www.jtekt.co.in).

- 9) The concerned members/investors are advised to visit the website of the IEPF Authority or contact KFin Technologies Private Limited (hereinafter referred to as 'KFin'), Registrar and Transfer Agent of the Company, for detailed procedure to lodge the claim with the IEPF Authority.
- 10) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 17th September, 2020 to Wednesday, the 23rd September, 2020 (both days inclusive).
- 11) Dividend to Shareholders, as recommended by the Directors for the year ended 31st March, 2020, 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 Wednesday the 16th September, 2020; 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 Wednesday the 16th September, 2020.

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.
- 12) Final dividend of INR 0.35 per equity share of INR 1/- each for the year ended 31st March, 2020 has been recommended by the Board of Directors of the Company, subject to approval of the shareholders at the ensuing Annual General meeting, shall be paid on/or after 30th September, 2020, through electronic mode to the Shareholders who have updated their bank account details. Dividend warrants / demand drafts will be despatched to the

registered address of the shareholders who have not updated their bank account details, after normalisation of the postal service.

- 13) Shareholders are requested to register / update their complete bank details:
  - i) with their Depository Participant(s) with whom they maintain their demat accounts if shares are held in dematerialised mode by submitting the requisite documents, and
  - ii) with the Company / KFin, if shares are held in physical mode, by submitting (i) scanned copy of the signed request letter which shall contain shareholder's name, folio number, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details), (ii) self-attested copy of the PAN card and (iii) cancelled cheque leaf (in original).
- 14) **Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. 1st April 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ("the IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's email address at [investorgrievance@jtekt.co.in](mailto:investorgrievance@jtekt.co.in). For details, Members may refer to the "Communication on TDS on Dividend Distribution" appended to this Notice of 36th Annual General Meeting.**
- 15) Securities and Exchange Board of India ("SEBI") has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. April 1, 2019. Accordingly, the Company / KFin has stopped accepting any fresh lodgement of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of dematerialisation.
- 16) Members holding shares in physical mode are required to submit their Permanent Account Number (PAN) to the Company / KFin, if not registered with the Company/KFin, as mandated by SEBI, by writing to the Company/KFin along with the details of folio no.
 

Members holding shares in electronic mode are requested to submit their PAN to their respective Depository Participants ("DPs") with whom they are maintaining their demat accounts.
- 17) Non-Resident Indian members are requested to inform KFin / respective DPs, immediately of:
  - a) Change in their residential status, if any.
  - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
- 18) Electronic copy of all the relevant documents referred to in the accompanying Notice of the 36th Annual General Meeting and the Explanatory Statement shall be available for inspection in the Investor Section of the website of the Company at [www.jtekt.co.in](http://www.jtekt.co.in).

- 19) During the 36th AGM, Members may access the scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act, upon Log-in to KFin e-Voting system at <https://evoting.kfintech.com>.

**DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:**

- 1) In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.jtekt.co.in](http://www.jtekt.co.in), websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of Company's Registrar and Transfer Agent, KFin Technologies Private Limited ("KFin") at <https://evoting.kfintech.com>.
- 2) Shareholders who have not registered their e-mail address or registered an incorrect email address and in consequence the Annual Report, Notice of AGM and e-voting notice could not be serviced, may also temporarily get their email address and mobile number provided with the Company's RTA, by clicking the link: [https://ris.kfintech.com/email\\_registration](https://ris.kfintech.com/email_registration) for sending the same. Alternatively, member may send signed copy of the request letter providing the e-mail address, mobile number, self-attested PAN copy along with client master copy (in case of electronic folio)/ copy of share certificate (in case of physical folio) via e-mail at the e-mail id [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or [investorgrievance@jtekt.co.in](mailto:investorgrievance@jtekt.co.in) for obtaining the Annual Report and Notice of AGM.
- 3) In case a person has become a member of the Company after dispatch of AGM Notice, but on or before the cut-off date for e-voting, i.e., Wednesday, 16th September, 2020, such person may obtain the User ID and Password from KFin by e-mail request on [rajeev.kr@kfintech.com](mailto:rajeev.kr@kfintech.com) or [Investorgrievance@jtekt.co.in](mailto:Investorgrievance@jtekt.co.in).

**PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:**

- 1) The Company has appointed KFin, Registrar and Share Transfer Agent, to provide Video Conference Facility for the Annual General Meeting and the attendant enablers for conducting of the AGM.
  - i) Members will be able to attend the AGM through VC / OAVM to view the live webcast at <https://emeetings.kfintech.com> by using their remote e-voting login credentials.  
Members are requested to follow the procedure given below:
    - a) Launch internet browser (chrome / firefox / safari) by typing the URL: <https://emeetings.kfintech.com>
    - b) Enter the login credentials (i.e., User ID and password for remote e-voting).
    - c) After logging in, click on "Video Conference" option
    - d) Then click on camera icon appearing against AGM event of JTEKT India Limited, to attend the Meeting.

- ii) Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the remote E-voting instructions.
  - iii) Members who would like to express their views or ask questions during the AGM may register themselves by logging on to <https://emeetings.kfintech.com> and clicking on the 'Speaker Registration' option available on the screen after log in. The Speaker Registration will be open during Thursday, 17th September, 2020 to Saturday, 19th September, 2020. Only those members who are registered will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.
  - iv) Shareholders who would like to express their views / ask questions during the meeting may log on to <https://emeetings.kfintech.com> and click on 'Post your Queries' may post their queries/views/questions in the window provided by mentioning the name, demat account number/ folio number, email id, mobile number. Please note that queries / questions only of those members will be answered who are holding the shares of the Company as on the cut-off date.
  - v) Members will be allowed to attend the AGM through VC / OAVM on first come, first served basis.
  - vi) Facility to join the meeting shall be opened fifteen minutes before the scheduled time of the AGM and shall be kept open throughout the proceedings of the AGM.
  - vii) Members who need assistance before or during the AGM, can contact KFin on [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or call on toll free numbers 1800-345-4001. Kindly quote your name, DP ID-Client ID / Folio no. and E-voting Event Number in all your communications.
- 2) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the AGM.
  - 3) Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM.

**PROCEDURE FOR REMOTE E-VOTING AND E-VOTING AT THE AGM:**

- 1) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of SEBI Listing Regulations, the Company is providing to its members, the facility to exercise their right to vote on resolutions proposed to be passed at AGM by electronic means. Members may cast their votes remotely, using an electronic voting system on the dates mentioned herein below ('remote e-voting'). The Company has engaged the services of KFin as the agency to provide remote e-voting facility.

Further, the facility for voting through electronic voting system will also be made available at the Meeting ("Insta Poll") and members attending the Meeting who have not cast their vote(s)

by remote e-voting will be able to vote at the Meeting through Insta Poll.

- 2) The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the instructions given below.

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

- Commencement of remote e-voting  
9:00 a.m. on Saturday, 19th September, 2020
- End of remote e-voting  
5:00 p.m. on Tuesday, 22nd September, 2020

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

- 3) 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., Wednesday, 16th September, 2020 only shall be entitled to avail the facility of remote e-voting or for participation at the AGM and voting through Insta Poll. A person who is not a member as on the cut-off date, should treat the Notice for information purpose only. Voting rights of a member / beneficial owner (in case of electronic shareholding) shall be in proportion to his share in the paid-up equity share capital of the Company as on the cut-off date

- 4) Any person who becomes a member of the Company after despatch of the Notice of the Meeting and holding shares as on the cut-off date may obtain the User ID and password from KFin 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> E-Voting Event Number+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>XXXX1234567890

- 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 of <https://evoting.kfintech.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 on KFin's toll-free numbers 1800-345-4001 (from 9:00 a.m. to 6:00 p.m.).

- d) Member may send an e-mail request to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

If the member is already registered with KFin's e-voting platform, then he can use his existing password for logging in.

- 5) The members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting. Once the vote on a resolution is cast

by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again.

- 6) A member can opt for only single mode of voting per EVEN, i.e., through remote e-voting or voting at the Meeting (Insta Poll). If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as "INVALID".

- 7) The Board of Directors of the Company has appointed Mr. Krishna Kumar Singh, Practicing Company Secretary (Membership No. 8493) or failing him Mr. Arun Gupta, Practicing Company Secretary (Membership No. 21227) or failing him Mr. Mrityunjay Prasad Roy, Practicing Company Secretary (Membership No. 7586), as Scrutiniser to scrutinise the remote e-voting and Insta Poll process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the said purpose.

**Information and instructions for remote e-voting:**

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

- a) Launch internet browser by typing the URL: <https://evoting.kfintech.com>
- b) Enter the login credentials (User ID and password given in the e-mail). The E-Voting Event Number+Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use the existing password for logging in. If required, please visit <https://evoting.kfintech.com> or contact toll-free number 1800-345-4001 (from 9:00 a.m. to 6:00 p.m.) 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 upon logging-in for the first time. The new password shall comprise minimum 8 characters with at least 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, e-mail 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 (EVEN) for JTEKT India Limited.
- g) On the voting page, enter the number of shares as on the cut-off date under either "FOR" or "AGAINST" or alternatively, you may partially enter any number

under "FOR" / "AGAINST", but the total number under "FOR" / "AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose to "ABSTAIN" and vote 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.
- l) Once you confirm, you will not be allowed to modify your vote.
- m) Corporate / Institutional Members (i.e., other than Individuals, HUFs, NRIs, etc.) are also required to send legible scanned certified true copy (in 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 Scrutiniser at e-mail id: kksinghcs@gmail.com. It is also requested to upload the same in the e-voting module in their login. The naming format of the aforesaid legible scanned document shall be "Corporate Name EVENT NO."

**(B) In case of a member whose e-mail address is not registered / updated with the Company / KFin / Depository Participant(s), please follow the following steps to generate your login credentials:**

- a) Members who have not registered their E-mail address and in consequence, the Annual Report and Notice of AGM could not be served, may temporarily get their E-mail address and mobile number provided with the Company's Registrar, by clicking the link [https://ris.kfintech.com/email\\_registration](https://ris.kfintech.com/email_registration) for sending the same. Members are requested to follow the process as guided to capture the E-mail address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any query, member may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at [investorgrievance@jtekt.co.in](mailto:investorgrievance@jtekt.co.in).
- b) Members holding shares in dematerialised mode who have not registered their e-mail addresses with their Depository Participant(s) are requested to register / update their email addresses with the Depository Participant(s) with whom they maintain their demat accounts.
- c) After due verification, the Company / KFin will forward your login credentials to your registered email address.

- d) Follow the instructions at I.(A). (a) to (m) to cast your vote.

- II. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again.
- III. In case of any query, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual available at the 'download' section of <https://evoting.kfintech.com> or call KFin on 1800 345 4001 (toll free).

**Instructions for members for e-voting during the AGM session:**

- a) During the AGM proceedings, upon instructions of the Chairman, the e-Voting 'Thumb sign' on the left hand corner of the video screen shall be activated. Shareholders shall click on the same to take them to the 'Insta Poll' page.
- b) Members to click on the 'Insta Poll' icon to reach the resolution page and follow the instructions to vote on the resolutions.
- c) Only those shareholders, who are present in the AGM and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

The Scrutiniser will, after the conclusion of e-voting at the Meeting, scrutinise the votes cast at the Meeting (Insta Poll) and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the same to the Chairman. The result of e-voting will be declared within forty-eight hours of the conclusion of the Meeting and the same, along with the consolidated Scrutiniser's Report, will be placed on the website of the Company: [www.jtekt.co.in](http://www.jtekt.co.in) and on the website of KFin at: <https://evoting.kfintech.com>. The result will simultaneously be communicated to the stock exchanges.

Subject to receipt of requisite number of votes, the Resolutions proposed in the Notice shall be deemed to be passed as per the provision of applicable law.

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

**Resolution No. 4**

Keeping in view the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company has appointed Mr. Hitoshi Mogi (DIN: 08741355) as an Additional Director of the Company effective from 16th May, 2020 pursuant to Article 97 of the Articles of Association of the Company.

In terms of the provisions of Section 161 of the Companies Act, 2013, as an Additional Director, Mr. Mogi holds office of Director only up to the date of ensuing Annual General Meeting of the Company and is eligible for being appointed as Director.

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. Hitoshi Mogi as Director of the Company. Keeping in view of Mr. Mogi's rich experience and knowledge, the Board considers it desirable that the Company should avail the benefits of his expertise.

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

Except Mr. Hitoshi Mogi, being the appointee and Mr. Akihiko Kawano and Mr. Hirofumi Matsuoka, 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.

Brief resume and other details of Mr. Hitoshi Mogi are provided in annexure to this Notice pursuant to the provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

The resolution is accordingly recommended for members' approval.

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

Dated : 22nd June, 2020

By Order of the Board

**Nitin Sharma**  
**Company Secretary**

[Membership No. – F6217]

## DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

## General information as per Secretarial Standards 2 and Regulation 36 of SEBI(LODR) 2015 regarding Mr. Akihiko Kawano (Item No. 3)

|  |   |
|--|---|
| (a) Brief resume of the director   | Mr. Akihiko Kawano, aged 57 years, is a Japanese national. Mr. Kawano completed his graduation from Nara Prefectural Nara Technical High School in 1981. Mr. Kawano joined KOYO JIDOKI Co. Ltd. in April, 1981 in the Quality Assurance Department. Upon merger of KOYO JIDOKI Co. Ltd. with KOYO SEIKO Co. Ltd. (Presently JTEKT Corporation) he became part of JTEKT family and he was then elevated to Manager in the Production Department, Nara Plant, Japan in the year 2001. During 2004-2009 he served as President, T&K Autoparts SDN. BHD. (a JTEKT group company in Malaysia). In the year 2009 he was appointed as General Manager Administration and subsequently General Manager in the Manufacturing Department of Nara Plant. From 2011 till 2015 he served as President JTEKT AUTOMOTIVE CZECH PLZEN S.R.O. and later in 2015 he was appointed as Plant Manager Nara Plant, Japan. |
| (b) Nature of his expertise in specific functional areas   | Mr. Kawano has a working experience of over 39 Years and hands-on experience of managing matters relating to Labour Union; he served as Secretary General of Nara Plant during 1993-2011. Mr. Kawano has got vast experience of handling manufacturing operations and quality issues.   |
| (c) Disclosure of relationships between directors and key managerial personnel inter-se                                    | Except Mr. Akihiko Kawano, being the appointee, Mr. Hitoshi Mogi 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.   |
| (d) Names of listed entities in which the person also holds the directorship and the membership of Committees of the Board | Mr. Kawano does not hold the directorship and membership of the Committees of the Board of Directors in any other listed company in India.  |
| (e) Shareholding of director in company  | Mr. Kawano holds 6 Equity Shares of INR 1/- each in the Share Capital of the Company.   |
| (f) Terms and conditions of appointment or re-appointment  | <p>The Board of Directors, keeping in view the recommendations of the Nomination and Remuneration Committee, had appointed Mr. Akihiko Kawano as an Additional Director of the Company effective from 1st July, 2018 in terms of Section 160 of the Companies Act, 2013 and the same was approved by the shareholders in the 34th Annual General Meeting.</p> <p>Pursuant to provision of the Section 152 of the Companies Act, 2013 Mr. Akihiko Kawano's office is liable to determination by retirement of directors by rotation and being eligible, offers himself for re-appointment.</p> <p>Subject to proposed re-appointment, Mr. Kawano shall continue to be appointed as Managing Director of the Company, with remuneration, on such terms and conditions as approved by Shareholders of the Company.</p>   |
| (g) The number of Meetings of the Board attended during the year   | Mr. Kawano has attended four (4) Board Meetings of the Company during the Year.   |
| (h) Membership/Chairmanship of Committees of other Boards  | Mr. Kawano is not a member of any of the Committees of other Boards.  |



**General information as per Secretarial Standards 2 and Regulation 36 of SEBI(LODR) 2015 regarding Mr. Hitoshi Mogi (Item No. 4)**

|  |   |
|--|---|
| (a) Brief resume of the director   | Mr. Hitoshi Mogi, aged 54 years, is a Japanese national with rich experience in the field of Human Resource Development. Mr. Mogi completed his graduation in March 1988 from the Ritsumeikan University and thereafter joined Koyo Seiko Co. Ltd. in April 1988 in HR department of Steering Division. During 2011 to 2016 he worked in JTEKT Europe S.A.S. as Vice President. In the year 2016 Mr. Mogi returned back to JTEKT Corporation, Japan as General Manager, Management Department of Steering Division. In the year 2018 he was promoted to the position of General Manager, Human Resource. Presently, Mr. Mogi is Managing Officer of JTEKT Corporation, Japan. |
| (b) Nature of his expertise in specific functional areas   | Mr. Mogi has an experience of more than 32 years in the field of Human Resources and Administration.  |
| (c) Disclosure of relationships between directors and key managerial personnel inter-se                                    | Except Mr. Hitoshi Mogi, being the appointee, 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.   |
| (d) Names of listed entities in which the person also holds the directorship and the membership of Committees of the Board | Mr. Mogi does not hold the directorship and membership of the Committees of the Board of Directors in any other listed company in India.  |
| (e) Shareholding of director in company  | Mr. Mogi does not hold any Equity Shares of the Company.  |
| (f) Terms and conditions of appointment or re-appointment  | As per present terms of appointment and pursuant to Section 152 and Articles of Association of the Company Mr. Mogi shall be non-executive director who shall not be entitled to remuneration except sitting fees.<br><br>Mr. Mogi shall not be liable to retire by rotation.   |
| (g) The number of Meetings of the Board attended during the year   | Since Mr. Mogi was appointed on 16th May, 2020 as an Additional Director, therefore, Mr. Mogi was not entitled to attend any meeting of the Board of the Company held in FY 2019-20.  |
| (h) Membership/Chairmanship of Committees of other Boards  | Mr. Mogi is not a member of any of the Committees of any other Board.   |

## COMMUNICATION ON TAX DEDUCTION AT SOURCE (TDS) ON DIVIDEND DISTRIBUTION (FY 2020-21)

In accordance with the provisions of the Income Tax Act, 1961 ('the Act') as amended by and read with the provisions of the Finance Act, 2020, with effect from April 1, 2020, dividend declared and paid by the Company is taxable in the hands of the shareholders. The Company is required to deduct tax at source ('TDS') from dividend paid to the shareholders at the applicable rates.

### Details that should be complete and/or updated, as applicable

All Members are requested to ensure that the below details are completed and/or updated, as applicable, in their respective demat account/s maintained with the Depository Participant/s; or in case of shares held in physical form, with the Company, by **14th September, 2020**. Please note that these details as available on Book Closure Date in the Register of Members/ Register of Beneficial Ownership will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions:

1. Valid Permanent Account Number
2. Residential status as per the Act i.e. Resident or Non-Resident for FY 2020-21
3. Category of the Member
4. Email Address
5. Address

Members are requested to take note of the TDS rates and documents, if any, required to be submitted to the Company by **14th September, 2020** for their respective category, in order to comply with the applicable TDS provisions.

### A) For Resident Shareholders

1. Where, the Permanent Account Number ('PAN') is available and is valid,
  - a) Tax shall be deducted at source in accordance with the provisions of the Income Tax Act, 1961 at 7.5% on the amount of dividend payable.
  - b) No tax shall be deducted in case of a resident individual shareholder, if:
    - i) the amount of such dividend in aggregate paid or likely to be paid during the relevant financial year does not exceed INR 5,000; OR
    - ii) the eligible shareholder provides Self-attested copy of PAN, duly signed Form 15G or Form 15H (as applicable) provided that all the prescribed eligibility conditions are met.
2. Where the PAN is either not available or is invalid, tax shall be deducted at the prescribed rate or 20%, whichever is higher.
3. In order to provide exemption from withholding of tax, the following categories of shareholders must provide a self-declaration and supporting documents as listed below:
  - a) Insurance companies: A declaration that they are beneficial owners of shares held; self-declaration and self-attested copy of valid IRDA registration certificate needs to be submitted;
  - b) Mutual Funds: A declaration that they are governed by the provisions of section 10(23D) of the Act. Self-declaration and self-attested copy of valid SEBI registration certificate needs to be submitted;
  - c) Alternative Investment Fund (AIF) established in India: A declaration that their income is exempt under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations along with self-attested copy of the valid SEBI registration.

### B) For Non-Resident Shareholders

1. Tax is required to be deducted in accordance with the provisions of the Income Tax Act, 1961 at applicable rates in force. As per relevant provisions, tax deducted shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable.
2. As per the provisions of the Income Tax Act, 1961, the non-resident shareholder may have an option to be governed by the provisions of the Double Tax Avoidance Agreement ('DTAA') between India and the country of tax residence of the shareholder, if such DTAA provisions are more beneficial to them. To avail the DTAA benefits, the non-resident shareholder shall furnish the following documents:
  - a) Self-attested copy of PAN, if allotted by the Indian Income Tax Authorities;
  - b) Self-attested Tax Residency Certificate (TRC) for Financial Year 2020-21 issued by the tax authorities of the country of which shareholder is a resident, evidencing and certifying shareholder's tax residency status during the Financial Year 2020-21;
  - c) Completed and duly signed Self-Declaration in Form 10F.

- d) Self-declaration in the prescribed format, certifying the following points:
- i) Shareholder is and will continue to remain a tax resident of the country of its residence during the Financial Year 2020-21;
  - ii) Shareholder is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
  - iii) Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
  - iv) Shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company; and
  - v) Shareholder does not have a taxable presence or a permanent establishment in India during the Financial Year 2020-21.
- e) A lower/ nil tax deduction certificate, if any, obtained by the shareholder from the Indian income tax authorities subject to the provisions of the applicable DTAA.

**C) For Foreign Institutional Investors ('FII') and Foreign Portfolio Investors ('FPI')**

Notwithstanding mentioned above, tax shall be deducted at source @ 20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors ('FII') and Foreign Portfolio Investors ('FPI'). Such TDS rate shall not be reduced on account of the application of the Lower DTAA rate or lower tax deduction order, if any.

**D) Other General information for the Members**

- 1) For all self-attested documents, Members must mention on the document "certified true copy of the original". For all documents being sent / accepted by email, the Member undertakes to send the original document/s on the request by the Company.
- 2) In case, the dividend income is assessable to tax in the hands of a person other than the registered Member as on the Book Closure Date, the registered Member is required to furnish a declaration containing the name, address, PAN of the person to whom TDS credit is to be given and reasons for giving credit to such person.
- 3) Application of TDS rate is subject to necessary due diligence and verification by the Company of the shareholder details as available in register of Members on the Book Closure Date, documents, information available in public domain, etc. In case of ambiguous, incomplete or conflicting information, or the valid information/documents not being provided, the Company will arrange to deduct tax at the maximum applicable rate.
- 4) The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non- Resident Shareholder.
- 5) In case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from shareholders, option is available to file the return of income as per Income Tax Act, 1961 and claim an appropriate refund, if eligible.
- 6) In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.
- 7) The Forms 15G/15H/10F for tax exemption can be downloaded from the Company's website (Investor Section).
- 8) The documents (duly completed and signed – carrying Complete name, address, folio/DP Id, PAN, financial year etc.) are required to be mailed at [investorgrievance@jtekt.co.in](mailto:investorgrievance@jtekt.co.in) and original should be sent at the registered office address of the Company.
- 9) Please note that duly completed and signed documents needs to be submitted on or before Monday, 14th September, 2020 in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/deduction shall be considered after Monday, 14th September, 2020.

**Disclaimer: This Communication shall not be treated as an advice from the Company or its employees or its affiliates. Shareholders should obtain tax advice related to their tax matters from a tax professional.**

(On the letter head or plain paper of the non-resident shareholder)

**FORMAT FOR DECLARATION FOR CLAIMING BENEFITS UNDER DTAA**

Date: .....

JTEKT INDIA LIMITED  
UGF-6, INDRAPRAKASH,  
21, BARAKHAMBA ROAD,  
NEW DELHI  
PIN – 110001

**Re: Self Declaration for claiming the tax treaty benefits for the financial year 2020-21 (01/04/2020 to 31/03/2021)**

I<shareholder name>, hereby confirm the following:

1. I / We, <Full name of the shareholder>, having permanent account number (PAN) under the Indian Income Tax Act, <mention PAN >, and holding <mention number of shares held> number of shares of the Company under Demat account number/ folio number .....
2. I am / we are a tax resident of <insert legal entity status> having registered address at <insert registered address> in accordance with the provisions of Article 4 of the Double Taxation Avoidance Agreement between India and <insert country> (treaty) for corporate tax purposes and are entitled to claim the benefits of the treaty.
3. I hereby confirm that we/I have not entered into arrangement or transaction where obtaining benefit under treaty, directly or indirectly was one of the principal purposes or main purpose of arrangement or transaction. Benefit if at all obtained is in accordance with the object and purpose of treaty.
4. I will not have any 'Permanent Establishment' in India as envisaged under Article 5 of the treaty as well as contemplated under Section 92F(iia) of the Income-tax Act, 1961, during the financial year 2020-21.
5. I will not have any business connection and do not carry out any operations in India.
6. I hereby confirm that we do/ will not have a place of effective management during the financial year 2020-21 in India and none of the key management and commercial decisions for the conduct of business in substance are/ will be made in India.
7. I am the beneficial owner of the amounts received/ receivable as per the relevant agreement, pursuant to which, payments are made to us.

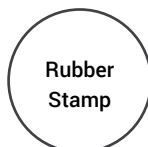
I hereby certify that declarations made above are true and bona fide. In case in future, if a Permanent Establishment or business connection or place of effective management is constituted in India either on account of above assignment or otherwise or if there is change in above residential status, we undertake to promptly intimate you of the said event. You may consider the above representations as subsisting unless intimated otherwise.

I also undertake to provide all additional documents/ information, as would be prescribed by the Indian Revenue authorities, in order to substantiate declaration stated above.

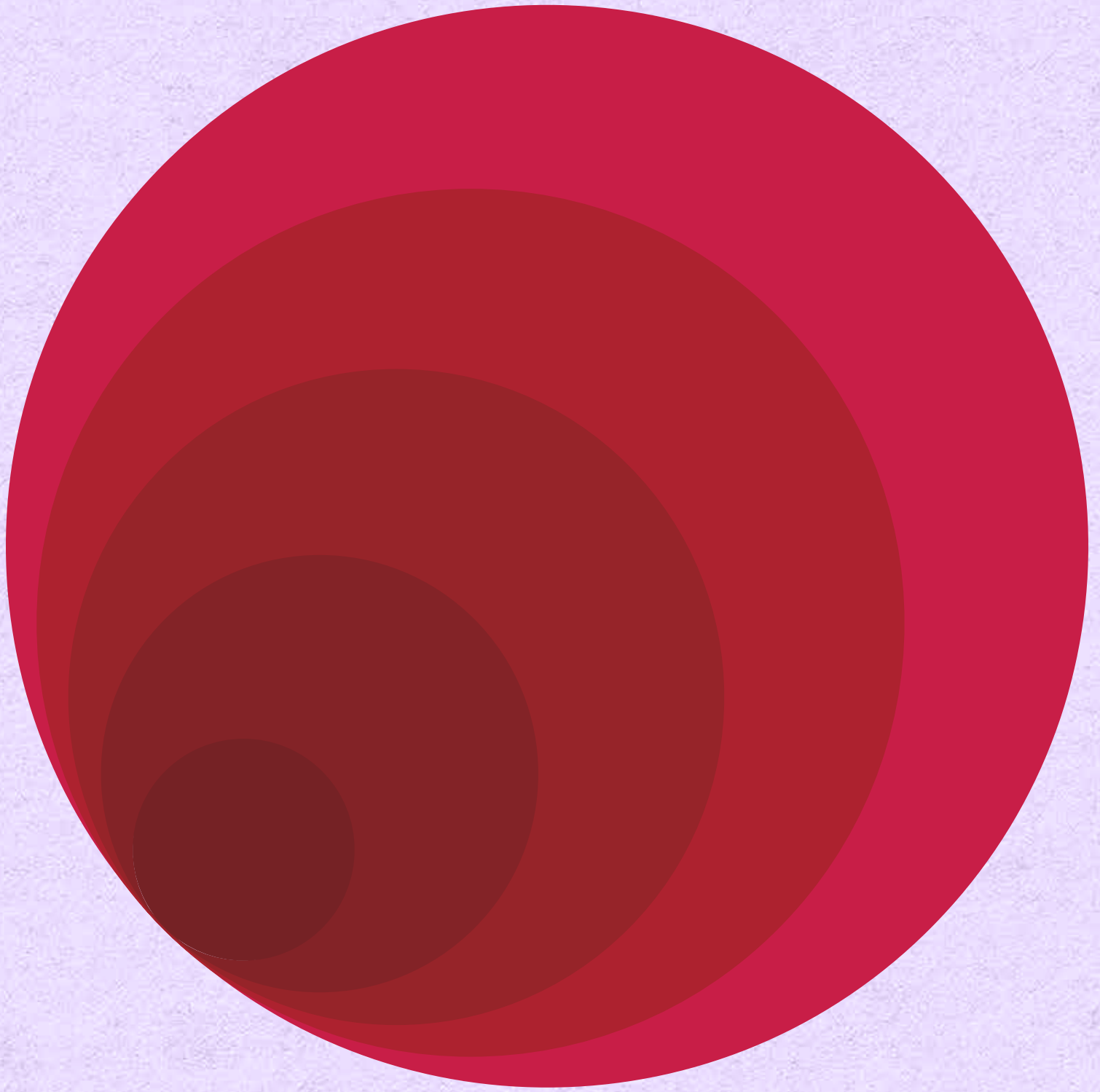
I/we in the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by me, I will be responsible to pay and indemnify such income tax demand (including interest, penalty, etc.) and provide the Company with all information / documents that may be necessary and co-operate in any proceedings before any income tax / appellate authority.

Yours sincerely,

For .....



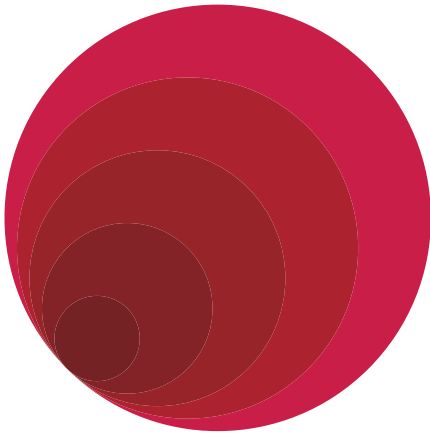
Authorized Signatory  
Name of the Person signing



# INVESTING IN THE FUTURE

JTEKT India Limited  
Annual Report 2019-20





"This Graphic symbolizes the Company's growth in the form of the ever-growing circles and endless, evolving efforts towards achieving it. The varying and enlarging shades of the colour Magenta reflects the growth in our progress, performance, and opportunities, that we are aiming to achieve by Investments In The Future."

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# INVESTING IN THE FUTURE

The Indian automobile industry, like most of its global counterparts have been going through a cyclical slowdown, which appeared to bottom out in the financial year 2020 (FY2020). The industry's hope of demand revival in FY2021 has been washed away by the unprecedented global spread of Covid -19 pandemic. Health crisis aside, the pandemic has also induced a significant economic crisis, albeit temporarily.

At JTEKT India, we remain driven by our Group's vision of 'shaping a better future' through the spirit of 'No 1 & Only One'. At a time when demand growth has taken a beating, we have intensified our investments in shaping our future, with a deep resolve to better serve our stakeholders – customers, employees, suppliers, regulators, shareholders and the community at large.

Our fast-paced evolution as a flagship Indian company of our parent, JTEKT Corporation, Japan, has witnessed the name change in 2018 to reflect the Company's affiliation with the parent – JTEKT Corporation's strong global branding and a strategic merger with a group company in India in FY2019 to achieve business synergies and operational efficiencies. We closed FY2020 with the completion of Phase-1 of Technical Centre involving setting up of a state of art component testing facility. We also intensified our investments across operational excellence, cost optimisation, product innovation, supplier relations and talent breeding.

While Covid-19 induced slowdown is constraining our regular production and dispatch volumes, we are well poised to set off our production and revenue drops with significant gains in our capability – technological, human, innovation and relationship – uplift. Covid-19 induced one-off challenge notwithstanding, at JTEKT India, we continue investing in the future.







# ABOUT JTEKT INDIA

A leading automotive components manufacturer, JTEKT India Limited is a subsidiary of JTEKT Corporation, Japan, and operates as part of the JTEKT Group. The globally recognised manufacturer of steering systems and automotive components, JTEKT India, caters to most vehicle manufacturers nationally as well as internationally.

Some of the major original equipment manufacturers (OEMs) namely Maruti Suzuki, Toyota, Tata Motors, Mahindra & Mahindra, General Motors, Fiat India, Isuzu Motors, Renault India, Honda and Nissan procure ancillary equipment from JTEKT India. The Company also exports its products to the USA, Europe, and Japan independently as well as through overseas partners.

Established in 1984, JTEKT India was formerly known as Sona Koyo Steering Systems Limited. However, after acquisition by JTEKT Corporation in 2017, it was renamed JTEKT India Limited in 2018.

Over the last three decades, the Company has successfully strengthened its presence in two core product technologies – steering systems and driveline components.

The product portfolio of the Company includes High-performance Rack and Pinion Manual Steering Gear, Hydraulic Power Steering System, Recirculating Ball Screw Assembly, Column type Electric Power Steering, Tilt & telescopic steering column, intermediate shaft, Advanced Column & telescopic intermediate shaft, Electric Power-Assist Module (EPAM), Rear Axle Assembly and other Driveline products.

Spread geographically to seven manufacturing units across India during the last 36 years, JTEKT India has five Plants in Haryana (the automotive hub of India), one in Gujarat, and one in Tamil Nadu.

**Capitalizing on its Japanese technological patronage, JTEKT India comprises of a strong workforce of over 3000 employees includes engineers, experts, technocrats, technicians, and specialists from the field. Apart from JTEKT India, the JTEKT Group in India owns three other companies working and delivering the best of the products in various segments, as mentioned below:**

JTEKT Fuji Kiko Automotive India Limited - Manufactures Jacket Assembly for CEPS and Manual Steering Columns.

Koyo Bearings India Pvt. Ltd. – Manufactures Hub Unit, Tapered Roller Bearings and single ball bearings.

Toyoda Micromatic Machinery India Pvt. Ltd. – Sells machines, machine tools and provides sales and service thereof.

# MESSAGE TO SHAREHOLDERS



## Dear Shareholders,

"Change is the only constant in life," is the famous quote by the Greek philosopher Heraclitus, and today the whole world is witnessing a complete turnaround in their various business aspects. The year 2020 started with some of the most challenging times in the form of the Covid-19 crisis. By now, most of us have either adopted this 'New Normal' or trying to adjust to the changing times both at work and home or by starting 'Working from Home'.

Globally Financial Year 2019-20 commenced with the weakest pace in recent times. With rising trade barriers, escalating trade wars, and deepening global financial crises reduced the

growth pace. The global economy was hoping for some revival at the beginning of 2020, but by January this year, with the arrival of Covid-19, all the hopes of a financial rebound wiped off. The world over; countries started imposing lockdowns to safeguard humanity, which also brought about economic slowdown affecting several businesses across the globe.

Indian economic scenario was not different from the changing global circumstances. The FY-2020 started on an optimistic note with the country's Gross Domestic Product (GDP) projected to grow at 7.1%. But as the year progressed, several factors like banking, environment regulations, financial crises, depleting consumer demands, and Covid-19 lockdowns slowed the economy. Eventually, the Indian economy registered a growth of 4.2% by the end of FY-2020. The slowdown was witnessed in almost all sectors right from manufacturing to construction and the auto industry was no exception.

Undeterred by the changing circumstances, your own company has decided to embark on the investment opportunity in FY-21. I am glad to announce our Board's in-principle approval for investment towards a new product line would expand our existing driveline segment. Your Company has decided to venture into the development and production of Constant Velocity Joint (CVJ). The product is already being manufactured by a few other JTEKT Group companies across the globe. The Company will receive technical support from its Parent company in the area of production preparation involving selection of machines, jigs, fixtures and testing equipment; development of local supply chain involving supplier evaluation and approval; and skilling the Indian technical team involving training in techniques of handling machines, troubleshooting and maintenance.

Further, your company has made significant progress in the establishment of a Technical Centre in India. The Indian Technical Centre will boost technical capabilities by reducing the turn-around time for new product development and providing cost-effective solutions to its domestic as well as overseas partners.

I am also happy to announce, that your Company is a proud recipient of accreditations from its customers in FY-2020. While adhering to the core values of JTEKT Way namely Customer First, Ownership, Continuous Kaizen, Teamwork and Self-Discipline and the Aspiration for Innovation and Technique, the Company received accreditation from Fiat India Automobiles India Pvt. Ltd. for achieving 'Zero PPM and Zero Warranty'; from Isuzu Motors India for achieving 'Best Delivery Performance' and from Toyota for achieving 'Zero PPM and meeting Safety, Quality & Delivery targets'.

These recognitions are a testimony to our commitment to excellence in the delivery of products and customer satisfaction.

Adopted in 2018, we are now unified with Hoshin Management system that aims at:

- Creating a strong corporate constitution that is capable of sustained high performance

- Setting Mid / Long-term/Annual plans by
  - Prioritizing activities and resources
  - Involving all members from top to bottom who define activities and set targets for their respective positions
  - Turning over the management cycle by way of four-step management Plan-Do-Check-Act (PDCA).

The FY-2020 was a challenging year for the auto industry, as the demand for the new cars depleted globally and in India. Realigning to the changed demand-supply ratio, your Company rationalized its operations. The timely forecast coupled with swift measures like relocation of manufacturing lines, product relocation, line loading, reduction in inventory was undertaken to enhance operational efficiency and serve the customers better.

Currently, JIN's manufacturing operations are spread across seven Plants in North, West, and South of India. However, a structured roadmap is ready for completing the rationalization process in a phased manner in different Plants to better our productivity and operational efficiency.

As an integrative initiative, under manufacturing rationalization, the sheet metal unit was merged with the Aluminium die-casting unit in FY-2020. Since both the facilities were producing parts mainly for captive consumption, the combining of these manufacturing facilities have brought synergies of operations and helped in optimising costs in various areas of business operations including logistics, compliances, administration, and all other operations which could be aligned.

Keeping the Customer in focus, your Company made its presence felt at the 15th edition of Auto Expo 2020 Components concluded successfully on 9th February 2020. Your Company showcased a host of made-in-India auto components at the event under the theme "No. 1 & Only One" at Pragati Maidan, New Delhi. Besides, our existing product line, we also exhibited dual-pinion type electric power steering

(DP-EPS) and a modular type power steering used for off-highway vehicles called I-EPS. Apart from these, various types of bearings were also displayed at the event.

Key customers and leaders those visited our stall were from Maruti Suzuki, Mahindra & Mahindra, Toyota, Honda Cars, Tata Motors, Ford India, Groupe PSA, and many others. The Company's management team hosted more than 2000 visitors at its stall.

While concluding, I would like to mention about our information technology (IT) cell initiative which was swift during the lockdown period to put the Work from Home facilities in place. This enabled us to continue our operations unhindered. As a result, all our operations right from manufacturing to management was back to the regular by June 2020. Continuing with this efficiency, we expect to touch 80% of our production as originally planned, by December 2020, subject to Indian economy facing no new uncertainties.

Further, I take this opportunity to express my gratitude to our customers. We are grateful to be of service to them: Maruti Suzuki, Mahindra & Mahindra, Tata Motors, Honda, Fiat India, Toyota Kirloskar, John Deere, Club Car, E-Z-GO, ISUZU, and Renault-Nissan India.

My special thanks to our bankers, State Bank of India, Corporation Bank, Standard Chartered Bank, Kotak Mahindra Bank, Allahabad Bank, IDFC, IndusInd Bank, Sumitomo Mitsui Banking Corporation, MUFG Bank Limited and Mizuho Bank Limited for reposing their confidence in us. A special thanks to all our employees for making JTEKT a strong performer. Finally, I thank our shareholders for their firm belief in our capabilities and their continued patronage. Looking-forward to our collective journey 'driving into the brighter tomorrow' with our commitment of **'Investing in the Future'**.

Thank you  
Yours sincerely

**Sudhir Chopra**  
Executive Vice Chairman

# BOARD OF DIRECTORS

**Mr. Sudhir Chopra**  
Executive Vice Chairman



**Mrs. Geeta Mathur**  
Independent Director



**Mr. Akihiko Kawano**  
Managing Director



**Mr. Inder Mohan Singh**  
Independent Director



**Mr. Hirofumi Matsuoka**  
Director



**Lt. Gen. Praveen Bakshi (Retd.)**  
Independent Director



**Mr. Hitoshi Mogi**  
Director



**Mr. Hidehito Araki**  
Independent Director



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



**Mrs. Hiroko Nose**  
Independent Director



# CORPORATE INFORMATION

## Board of Directors

**Mr. Sudhir Chopra**  
Executive Vice Chairman

**Mr. Akihiko Kawano**  
Managing Director

**Mr. Hirofumi Matsuoka**  
Director

**Mr. Hitoshi Mogi**  
Director

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

**Mrs. Geeta Mathur**  
Independent Director

**Mr. Inder Mohan Singh**  
Independent Director

**Lt. Gen. Praveen Bakshi (Retd.)**  
Independent Director

**Mr. Hidehito Araki**  
Independent Director

**Mrs. Hiroko Nose**  
Independent Director

## Company Secretary

**Mr. Nitin Sharma**

## Operating Management

Mr. Sudhir Chopra  
Mr. Akihiko Kawano  
Mr. Rajiv Chanana  
Mr. Dinesh Kumar Agarwal  
Mr. Deepak Arora  
Mr. Kenji Okazaki  
Mr. Osamu Miyazaki  
Mr. Kazuyuki Tamenaga  
Mr. Manoj Sharma  
Mr. Ajay Mrig  
Mr. Sudhir Kumar Sharma  
Mr. S. Senthil Kumar  
Mr. Akhil Kumar Jain  
Mr. Jaydeep Kumar  
Mr. Rakesh Garg  
Mr. Narender Kumar  
Mr. Avanish Kumar Singh

## 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  
Mizuho Bank Limited

## Registrar and Transfer Agent

### KFin Technologies Private Limited

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

## Works

38/6, NH-8, Delhi-Jaipur Road  
Gurugram 122001 (Haryana).

32, HUDA Industrial Area Phase II  
Dharuhera, Distt, Rewari  
122106 (Haryana).

19, HUDA Industrial Area Phase II  
Dharuhera, Distt, Rewari  
122106 (Haryana).

39/2/2, 3/2 4/2, 7, 8 Village Malpura  
Tehsil Dharuhera, Distt. Rewari  
123401 (Haryana).

26, Sector-5, Phase – II, Growth Centre  
Bawal, Distt. Rewari  
123501 (Haryana).

P.O. Box 14, Chennai-Bangalore Highway  
Sriperumbudur  
Distt, Chinglepet  
Chennai 602105 (Tamil Nadu).

D-9, Tata Motors Vendor Park  
Survey No. 1  
Village North Kotepura  
Sanand, Viroch Nagar  
Ahmedabad 382170 (Gujarat).

## Registered Office

UGF-6, Indraprakash  
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# MANAGEMENT DISCUSSION AND ANALYSIS

## ECONOMIC SCENARIO

### Global Economic Overview

Global growth in 2019 recorded its weakest pace, since the global financial crisis a decade ago, reflecting common influences across countries and country-specific factors. Rising trade barriers and associated uncertainty weighed on business sentiment and activity globally. In some cases (advanced economies and China), these developments magnified cyclical and structural slowdowns already underway. Further pressures

came from country-specific weaknesses in large emerging market economies such as Brazil, India, Mexico, and Russia.

With the economic environment become more uncertain, firms turned cautious on long-range spending, and global purchases of machinery and equipment decelerated. Household demand for durable goods also weakened. This was particularly evident with automobiles, where regulatory changes, new emission standards, and



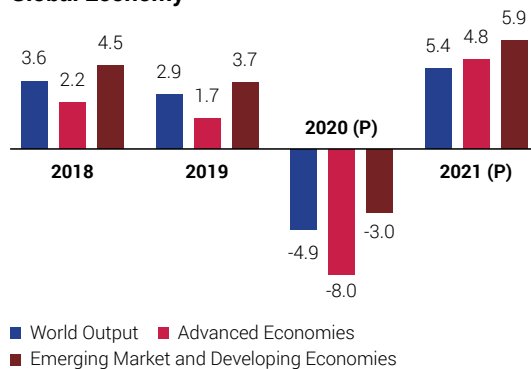
possibly the shift to ride-shares weighed on sales in several countries.

According to the International Monetary Fund (IMF), much of the slowdown in world GDP growth—from 3.8% in 2017 to 3.0% in 2019—results from a sharp decline in world exports. Growth rates in world exports have fallen from 5.7% in 2017 to 1.1% now.

IMF in its World Economic Outlook (WEO) published in January 2020 stated that Global growth, estimated at 2.9% in 2019, is projected to increase to 3.3% in 2020 and inch up further to 3.4% in 2021. IMF stated that on the positive side, market sentiment has been boosted by tentative signs that manufacturing activity and global trade are bottoming out, a broad-based shift toward accommodative monetary policy, intermittent favorable news on US-China trade negotiations, and diminished fears of a no-deal Brexit, leading to some retreat from the risk-off environment that had set in at the time of the October WEO.

The economic forecast as was done by IMF in January 2020 completely changed with the onslaught of a global pandemic. World Bank in its Report titled Global Economic Prospects published in June 2020 stated that the COVID-19 pandemic has, with alarming speed, delivered a global economic shock of enormous magnitude. Leading to steep recessions in many countries. The baseline forecast envisions a 5.2% contraction in global GDP in 2020—the deepest global recession in eight decades, despite unprecedented policy support. The pandemic represents the largest economic shock the world economy has witnessed in decades, causing a collapse in global activity. The pandemic and associated mitigation measures have sharply curbed consumption and investment, as well as restricted labor supply and production. The cross-border spill over have disrupted financial and commodity markets, global trade, supply chains, travel, and tourism. International Monetary Fund (IMF) in its World Economic Outlook (WEO) published in June 2020 also projected a 4.9% contraction in global GDP in 2020.

**Global Economy**

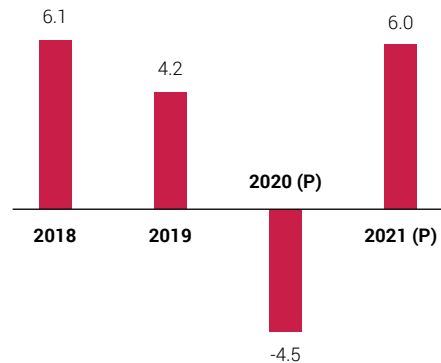


**Indian Economic Overview**

International Monetary Fund (IMF) in its World Economic Outlook (WEO) published in January 2020 stated that India's growth is estimated at 4.8% in 2019, projected to improve to 5.8% in 2020 and 6.5% in 2021 (1.2% and 0.9% point lower than in the October WEO), supported by the monetary and fiscal stimulus as well as subdued oil prices. It stated that growth markdown largely reflects a downward revision to India's projection, where domestic demand has slowed more sharply than expected amid stress in the nonbank financial sector and a decline in credit growth.

The economic impact of the coronavirus pandemic in India has been largely disruptive and this completely changed the economic forecast as done by IMF at the start of the Year 2020. India's growth in the fourth quarter of the fiscal year 2020 went down to 3.1% according to the Ministry of Statistics. Amidst the frenzied global policy climate, India faces an increased likelihood of contraction in FY-2021 GDP growth after registering a subdued 4.2% growth in FY-2020. To address the economic fallout, the policymakers have announced a mix of fiscal and monetary relief packages. As on date, the cumulative economic package (fiscal and monetary) under 'Atmanirbhar Bharat' comes to around INR 20.97 lakh crore or 10.0% of GDP.

**India GDP**



**INDUSTRY**

**Global Scenario**

The global auto industry plunged deeper into recession in 2019, with sales dropping more than 4% as carmakers struggled to find buyers in China and India. The number of vehicles sold across major global markets dipped to 90.3 million, according to analysts at LMC Automotive. That's down from 94.4 million in 2018, and well below the record 95.2 million cars sold in 2017. The biggest blow to carmakers last year came in China, the world's largest market for vehicles, where a sharp slowdown in economic growth and the elimination of tax incentives for electric car purchases caused demand to plummet. China reported its second year



of declining vehicle sales and production, with 2019 showing a 9.2% reduction in car production to 21.360 million, even before the coronavirus (COVID-19) arrived in the country in January 2020. According to Fitch Ratings, this was due to weak credit growth, a rise in used car sales, and new emission standards that depressed new car sales in China.

Japan, Asia's second-largest vehicle producer, saw car production holding up in 2019 with just a 0.2% decline to 9.215 million units. In the USA, the light vehicle market (cars and light trucks) ended 2019 with just under 17 million units (-1.3%), which is the first time the US market has missed the 17 million mark since 2014. The U.S. auto sales were struggling with environmental concerns about diesel cars, anticipated regulatory responses, and the growth of ride-hailing and car-sharing schemes. In Europe, a total of 15.8 million passenger cars were sold in 2019, around 1% more than the previous year. The UK recorded a drop of 14.2% in car production in 2019 to 1.303 million units.

The year 2020 looks set to be a difficult year for the global automotive industry and its suppliers because of market uncertainty caused by the coronavirus. Many global car companies have already reduced production in the first quarter of 2020 because of lack of components from China, and whilst some Chinese car Plants are said to be restarting operations after a nationwide shutdown, analysts state that any hits to the supply chain will take months to recover.

### Indian Scenario

Demand for new cars declined sharply in FY 2020, forcing automakers to cut

production across the year. Sales were expected to revive during the annual festive season from October 2019 but failed to do so. There was an encouraging spike in sales in Q3 – stimulated by promotional offers, aggressive discounts, new model launches, and the increasing availability of models offering Bharat Stage-VI (BS-VI) emission standard, comply with additional mandated safety equipment requirements including anti-lock/combined braking systems, driver side airbag, speed warning alarm, rear parking sensors, front seatbelt reminders, and crash test standards. All adding to investment costs and increased pricing to customers across all models. The impact of mandates introduced in 2018-19, e.g. five-year third-party insurance premium for two-wheelers to be collected in advance, had its full-year effect in 2019-20 on overall vehicle sales, and two-wheeler sales in particular. By April 2020, all vehicle types, two- and three-wheelers, cars, and commercial vehicles – are mandated to conform to BS-VI emission standards. Having increased prices already at the beginning of January 2020 by 2-3% to offset economic cost increases, OEMs are faced with the dilemma of potentially absorbing some of the extra costs or loose volumes.

### Production

The industry produced a total of 26,362,282 vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers, and Quadricycles in April-March 2020 as against 30,914,874 in April-March 2019, registering a de-growth of (-) 14.73% over the same period last year.

### Domestic Growth

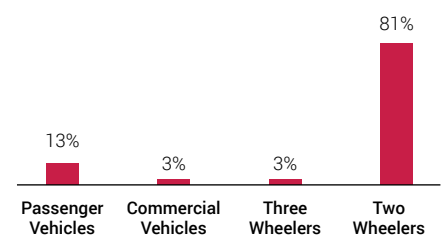
The sale of Passenger Vehicles declined by (-) 17.88% in April-March 2020 over the same period last year. Within the Passenger Vehicles, the sales of Passenger Cars and Vans declined by (-) 23.58% and (-) 39.23% respectively while sales of Utility Vehicles marginally increased by 0.48% in April-March 2020 over the same period last year.

The overall Commercial Vehicles segment registered a de-growth of (-) 28.75% in April-March 2020 as compared to the same period last year. Within the Commercial Vehicles, Medium and Heavy Commercial Vehicles (M&HCVs) and Light Commercial Vehicles declined by (-) 42.47% and (-) 20.06% respectively in April-March 2020 over the same period last year.

Sale of Three Wheelers declined by (-) 9.19% in April-March 2020 over the same period last year. Within the Three Wheelers, Passenger Carrier and Goods Carrier declined by (-) 8.28% and (-)13.27% respectively in April-March 2020 over April-March 2019.

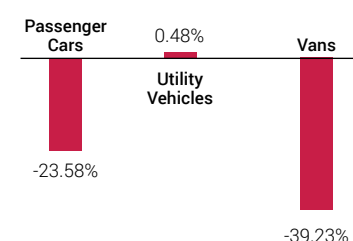
Two Wheelers sales registered a de-growth of (-) 17.76% in April-March 2020 over April-March 2019. Within the Two Wheelers segment, Scooters, Motorcycles and Mopeds declined by (-) 16.94%, (-) 17.53% and (-) 27.64% respectively in April-March 2020 over April-March 2019.

### Domestic Market Share for 2019-20



source: SIAM

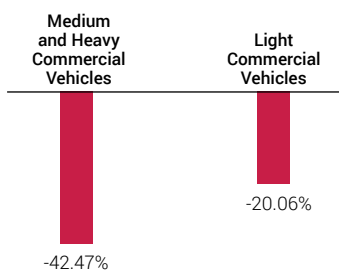
### Passenger Vehicles



Source: SIAM



## Commercial Vehicles



Source: SIAM

## Exports

In April-March 2020, overall automobile exports registered a growth of 2.95%. While Commercial Vehicles and Three Wheelers exports declined by (-) 39.25% and (-) 11.54%, respectively. However, Passenger Vehicles exports marginally increased by 0.17% and Two-wheelers exports registered a growth of 7.30% in April-March 2020 over the same period last year.

## OUTLOOK

The Indian automobile industry is fourth-largest in the world, fourth-biggest car manufacturer globally, and the seventh-largest manufacturer of commercial vehicles in 2019. Indian automotive industry (including component manufacturing) is expected to reach INR 16.16-18.18 trillion (US\$ 251.4-282.8 billion) by 2026. Indian automobile industry received Foreign Direct Investment (FDI) worth US\$ 23.89 billion between April 2000 and December 2019. Five percent of the total FDI inflow in India went to the automobiles sector.

The Government aims to develop India as a global manufacturing and research and development (R&D) hub. It has set up National Automotive Testing and R&D Infrastructure Project (NATRiP) center as well as National Automotive Board to act as a facilitator between the Government and the industry. Under (NATRiP), five testing and research centers have been established in the country since 2015. NATRiP's proposal for "Grant-In-Aid for test facility infrastructure for Electric Vehicle (EV) performance Certification from NATRiP Implementation Society" under FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) scheme was approved by Project Implementation and Sanctioning Committee (PISC) on January 03, 2019.

The outlook for FY-2021, especially the first half, remains weak given the macroeconomic headwinds because of recent pandemic outbreak coupled with price hikes because of the transition to the new emission norms. The outbreak of coronavirus is causing ad hoc interruptions in the supply chain, with each OEM, plant, and model expected to have different levels of exposure, requiring different countermeasures. The long-term impact of coronavirus on the industry remains uncertain. However, its prolonged spread may affect automotive sales adversely. According to CRISIL Ratings, muted income growth, discretionary spending will take a backseat this fiscal. Small PVs and used vehicles will find favor owing to better affordability. Also, given increasing social distancing, consumers may reduce, if not avoid, travel by public, pooled, and shared transport in the short term. However, the benefit from the change in commuting-pattern will only partly offset the steep downturn.

## OPERATIONS

### Manufacturing Rationalization

JTEKT India Limited (JIN) has been working on the rationalization of its manufacturing operations to enhance overall operational efficiency and serving its customers efficiently. The activities include the relocation of manufacturing lines, product relocation to yield better line loading,

reduce inventory, and improvement in productivity. Currently, manufacturing operations of JIN are spread across seven plants in North, West, and South of India. JIN has established a structured roadmap for completing the rationalization process in a phased manner.

As part of its backward integration initiative, in the past, the Company set up two manufacturing facilities in the area of Aluminum Die Casting and Sheet Metal Parts. During the current financial year, as part of manufacturing rationalization activity, the manufacturing operations of sheet metal units were merged with the other unit engaged in aluminum die casting. Since both the facilities were producing parts mainly for captive consumption, the combining of these manufacturing facilities has brought synergies of operations and has helped to optimise costs in various areas of business operations including logistics, compliances, administration, and all other operations which can be aligned.

## OPERATIONAL PERFORMANCE AND 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: -

Company's Abridged Profit & Loss Account (INR in Million)

| Particulars                         | Consolidated |              | Standalone   |              |
|-------------------------------------|--------------|--------------|--------------|--------------|
|                                     | 2019-20      | 2018-19      | 2019-20      | 2018-19      |
| Net Income from Operations          | 14989        | 17391        | 15194        | 17585        |
| Other Operating Income              | 116          | 148          | 115          | 146          |
| <b>Total Revenue</b>                | <b>15105</b> | <b>17540</b> | <b>15309</b> | <b>17731</b> |
| Raw Material                        | 10149        | 11564        | 10748        | 12144        |
| Staff Cost                          | 2136         | 1939         | 2018         | 1836         |
| Other Expenditure                   | 1453         | 1820         | 1362         | 1743         |
| <b>EBITDA</b>                       | <b>1369</b>  | <b>2216</b>  | <b>1181</b>  | <b>2008</b>  |
| Other Income                        | 88           | 116          | 110          | 126          |
| Depreciation & Amortisation         | 928          | 959          | 865          | 906          |
| <b>EBIT</b>                         | <b>529</b>   | <b>1373</b>  | <b>425</b>   | <b>1228</b>  |
| Finance Charges                     | 99           | 156          | 99           | 155          |
| <b>PBT before Exceptional Items</b> | <b>430</b>   | <b>1218</b>  | <b>326</b>   | <b>1073</b>  |
| Share of profit of associates       | -            | -            | -            | -            |
| <b>PBT</b>                          | <b>430</b>   | <b>1218</b>  | <b>326</b>   | <b>1073</b>  |
| Tax                                 | 78           | 435          | 51           | 387          |
| <b>PAT</b>                          | <b>351</b>   | <b>783</b>   | <b>275</b>   | <b>686</b>   |
| Other Comprehensive Income          | (23)         | (1)          | (22)         | (1)          |
| <b>Total Comprehensive Income</b>   | <b>328</b>   | <b>782</b>   | <b>253</b>   | <b>684</b>   |
| <b>Profit Attributable to Owner</b> | <b>328</b>   | <b>726</b>   | <b>253</b>   | <b>684</b>   |
| Capital Expenditure                 | 391          | 693          | 332          | 607          |
| EPS                                 | 1.24         | 2.98         | 1.13         | 2.80         |
| D/E Ratio                           | 0.12         | 0.33         | 0.13         | 0.33         |



### Debt Equity Ratio

The ratio has improved from a level of 0.33 to 0.13. The borrowings have significantly reduced from a level of INR 1884 million at the start of the financial year to end at a level of INR 740 million.

### Net Profit Margin

Net Profit margin declined from 3.9% to 1.7% mainly due to a decline in sales volumes. This adversely impacted the interest coverage ratio which declined from 7.91 times to 4.30 times despite a major decline in Bank Borrowings. Further Return on Capital Employed declined from 14.5% to 4.9%.

### Current Ratio

The current ratio has improved from 1.30 times to 1.57 times due to a reduction in the current maturity of Long-Term Loans. Further Quick Ratio improved from 1.04 times to 1.11 times. There has been no significant change in other financial ratios including debtor turnover, inventory turnover, and fixed assets turnover ratios.

## 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 decreased by 3% to reach INR 1000 million. Despite severe stress in the Auto sector, JFIN

continued to work with better capacity utilization to reduce the negative impact on profitability. It also achieved a 100% OTIF (On Time in Full) delivery track record and accomplished a smooth start of production of Jacket Column Assembly for MSIL Xpresso.

|               | (INR million) |         |
|---------------|---------------|---------|
| JFIN          | 2019-20       | 2018-19 |
| Revenue       | 1000          | 1036    |
| EBITDA        | 194           | 213     |
| EBITDA Margin | 19.4%         | 20.6%   |
| PAT           | 99            | 113     |
| PAT Margin    | 9.9%          | 10.9%   |

## RECOGNITION

During the year, the Company received acclamation from Fiat India Automobiles India Pvt. Ltd. by achieving 'Zero PPM and Zero Warranty' and from Isuzu Motors India by achieving 'Best Delivery Performance'. These recognitions are testimony to our commitment to excellence in the delivery of products and customer satisfaction.

## AUTO EXPO 2020

The 15th edition of Auto Expo 2020 Components organized jointly by Automotive Component Manufacturers Association of India (ACMA), Confederation of Indian Industry (CII) and Society of Indian Automobile Manufacturers (SIAM), concluded successfully on 9th February 2020. The expo themed 'Technovation - Discover Innovations for Future'

reflected the potential of the Indian Auto Component Industry to adopt the latest advancements in BS-VI & Emissions, EVs, Safety, and Mobility. ACMA claims that with over 1500 exhibitors and 1.15 lakh visitors, the 15th edition of the Auto Expo 2020 Components stays as the biggest auto component expo held till date.

JTEKT India showcased a host of made-in-India auto components at the event under the theme "No. 1 & Only One" at the Auto Expo Component 2020 at Pragati Maidan. JTEKT's Toyota Prius cut section displaying column-type EPS, driveshaft hub unit, plug-tube gasket, ball bearing for motor, KE & LFII bearing for counter driven, input shaft seal, etc. grabbed everybody's attention and appreciation. This time, JTEKT also showcased DP-EPS and a modular type power steering used for off-highway vehicles called I-EPS. Apart from that, various types of bearings were displayed at the event.

Key customers and leaderships visited our stall were from Maruti Suzuki, Mahindra & Mahindra, Toyota, Honda Cars, Tata Motors, Ford India, Groupe PSA, and many others. The Company's management team hosted more than 2000 visitors at its stall.

## Technical Capability / Research & Development

One of the major initiatives in our journey to attain self-reliance, in the area of product Designing and testing, is to establish a state of art Technical Centre, which will be fully capable to handle all local requirements and, also assist our other Global Technical Centres on need basis.

By this time, Phase-1 out of a total of 3 phases has been completed and Phase-2 is under progress. During Phase-1, we have consolidated and enhanced the testing facilities to validate our core products. We have also enhanced the skills of our Design Engineers by focused training programmes.

The Technical 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. The inherent advantage of India including the 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. Proving the same, recently our Indian Technical Center has taken up design responsibility for some projects, for which, otherwise, we would have been dependent on Japanese Technical Centre.

During the year, we have locally designed and developed Proto ECU for the passenger car segment, which will enhance our cost competitiveness. We will keep on progressing with our focus on self-reliance and cost-effectiveness and achieve our goal of "To be No.1 Development Partner".

## HUMAN RESOURCES

### Engagement of fresh & bright talent

To bring the best talents in the organisation, and to drive growth, we emphasise on the engagement of fresh, and qualified Diploma & Graduate Engineers. To filter the talent pool according to the Company's culture and technical requirements, we are conducting the AMCAT test for GETs and written tests for DETs which helps us in hiring bright candidates for our organisation. During FY-2020, we hired 153 DETs & 11 GETs across JIN.

### Induction & Training

In JIN, we focus on development training that turns into action; training that makes a difference. Our strategy is to improve the technical and behavioral skills of all employees and we ensure that all our employees go through for technical & behavioral programmes every year. This helps them to not only become better in their domain but also learn many behavioral aspects like team building, positive attitude, leadership skills, and managerial skills. During FY-2020, we provided 93,724 training hours, spread across 1,619 training sessions.

For the new incumbents (at all levels), the following process is being adopted: -

- Induction for two to seven days.
- DOJO Training (Practical training)

to Production Employees on Safety, Production, Maintenance, etc.

- Performance exam after DOJO training (Those who pass the criteria, are only allowed to run the production lines).

To develop a common mindset, our internal trainers are imparting training on **JTEKT WAY** on regular basis to all JIN Employees also they are imparting a unique programme called "Eight Step of Problem-Solving Techniques", to all our staff members. In this methodology, participants, while separated into the groups, are given a specific problem. They are further asked to design a solution to the "Case Problem" by using all eight steps of problem-solving. A detailed presentation is made in front of the audience. That gives the reflection of the learning.

Employees are also getting overseas training in our parent company –JTEKT Corporation where they get the training minimum for three days and maximum for six months and after getting the training in the supervision of qualified & experienced technical trainers in JAPAN,

they impart the same in India to our employees/ trainees.

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

## SUPPLY CHAIN MANAGEMENT

A structured techno commercial Supply Chain organisation has been put in place and uniform business procedures have been established. The sourcing team continuously works on establishing Commodity Strategies to finalize a mid-term plan for strategic suppliers. Kitaichi (expected achievement) Meetings have been initiated with strategic suppliers to achieve mid-term cost competitiveness. To strengthen the new product development process, the Company also initiated SPTT (Supplier Parts Tracking Team) activities to manage and deliver new projects on time. Additional cost reduction activities comprising of value analysis & value engineering and localization continued at the Company level to improve competitiveness.



The Company organised an annual conference of suppliers to communicate our objectives and share expectations from them. The event witnessed participation from over 100 suppliers. During the year, 12 low-performance suppliers were selected for focused improvement in their performance with close support by the Company's cross-functional team. Representatives from 20 suppliers were trained on safety measures to propagate safety culture in their respective organisations.

## 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. Improving Safety 'Dojo' – The company has renovated Safety Dojos (a type of Safety training cell) across all Plants. Various 'Safety risk simulators' are designed and implemented where the trainees can feel the danger without getting hurt. Every employee has to attend the Dojo. This develops the sense of identifying the danger and being safe.
2. Red Machine Elimination – This involved systematic Safety risk analysis and categorization of some machines as 'red'. Kaizens are then implemented so that such machines do not remain in 'red' category any more. The Company wants to ensure that none of the accidents will be due to machine failure.
3. Men – The Company has implemented a Safety mindset improvement program. Detailed trainings/counselling sessions of each and every employee are planned. Such employees are identified on the basis of detailed Safety Survey across all employees.

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.

## INFORMATION TECHNOLOGY

Resilience and connectivity will be the new watchwords in the current situation caused by coronavirus pandemic as organisations seek to adjust to this unpredictable future. During the lockdown, our IT team reacted quickly and put in place the facilities to Work from Home for the employees. We believe that the facilities now built will remain useful in a post coronavirus pandemic world as we see a renewed focus on business continuity and resilience.

During the year, we continued with our various ongoing initiatives to ensure the implementation of IT systems and processes that meet the best practices. The IT Team completed the entire consolidation project for Infrastructure and Security systems. Application consolidation is in progress across the Indian Region. The Company has set up its in-house DR (Disaster Recovery Site) to ensure business continuity, data Safety and Cost effectiveness. Apart from consolidation one of the key areas was to enhance the Company capability for Design & Development by upgrading the PLM system to its latest version to optimise the NPD cycle.

## 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 ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating, and resolving risks associated with the business.

The Committee meets periodically to review the framework given 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 a 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 internal audit plan is also aligned to the business objectives of the Company which is reviewed and approved by the Audit Committee. Further, the Audit Committee monitors the adequacy and effectiveness of the Company's internal control framework.

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 review and deliberate 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 for:

- effectiveness and efficiency of operations
- reliable, timely, and transparent reporting, 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.

The Company's CSR initiatives are on the focus areas approved by the CSR Committee and include healthcare and rural development programmes.



During FY 2019-20, the Company has further extended these activities and has significantly increased its financial commitment to these projects. The Company has always focused to directly implement these projects in local areas after a detailed assessment of the requirements of the community to derive maximum benefit from these activities.

In the area of Healthcare, the Company has participated with Bharat Vikas Parishad, a charitable organisation, for setting up an advanced Eye Centre at its Unit – Vivekanand Arogya Kendra in Gurugram. The Eye Centre has started providing specialised eye testing and surgery facilities at affordable charges during the year. Following specialized types of equipment costing INR 55 lacs were purchased for setting up the Eye Centre:

- ZEISS Cirrus 500 Optical Coherence Tomography Machine
- ZEISS HFA3 Model 840 Visual Field Recording Equipment
- ZEISS Visuals YAG-III Ophthalmic Laser
- ZEISS SL115 Split Lamp for Bio-Microscope

## 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 1697 KWp. The Company has an ambitious plan to double this capacity in the next two years. In addition to this, all other energy-saving efforts such as the adoption of energy-efficient fixtures and equipment, zero water discharge through water recycling, etc. continue to receive the 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, labor 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 2020 there were three Executive Directors and seven Non-Executive Directors. Out of the said seven Non-Executive Directors, five directors were Independent Directors having two Independent Women Directors (see Table 1):

**Table 1 : Composition of the Board of Directors as on 31 March 2020**

| Name of Directors               | Category   |
|---------------------------------|--|
| Mr. Hiroshi Ii                  | Chairman (Executive Director)  |
| Mr. Sudhir Chopra               | Executive Vice Chairman (Executive Director)   |
| Mr. Akihiko Kawano              | Managing Director (Executive Director)   |
| Mr. Hirofumi Matsuoka           | Non-executive Director   |
| Mr. Toshiya Miki                | Director-Nominee Director of Maruti Suzuki India Limited (MSIL) (Non-executive Director) |
| Mrs. Geeta Mathur               | Independent Woman Director   |
| Mr. Inder Mohan Singh           | Independent Director   |
| Lt. Gen. Praveen Bakshi (Retd.) | Independent Director   |
| Mr. Hidehito Araki              | Independent Director   |
| Mrs. Hiroko Nose                | Independent Woman Director   |

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. Ravi Bhoothalingam, Independent Director resigned with effect from the close of business hours of 9 August 2019 upon completion of his term as Independent Director of the Company.

### 2. Number of Board Meetings

In the financial year ended on 31 March 2020, JIN held four Board Meetings on 17 May 2019, 9 August 2019, 14 November 2019 and 14 February 2020. 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 financial year ended on 31 March 2020, last Annual General Meeting of the Company held on 9 August 2019 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 2020 [see Table 2(B)].

**Table 2 (A) : Directors' attendance record and directorships held in other companies**

| Name of Directors               | Board Meetings held during FY 2019-20 |          | Whether attended last AGM | Directorships held in other companies incorporated in India |         | Membership of Committees of other Companies ① |             |
|---------------------------------|---------------------------------------|----------|---------------------------|---|---------|---|-------------|
|                                 | Eligibility                           | Attended |                           | Public  | Private | Member  | Chairperson |
| Mr. Hiroshi Ii②                 | 4                                     | 4        | Yes                       | 1   | 1       | -   | -           |
| Mr. Sudhir Chopra③              | 4                                     | 4        | Yes                       | 2   | -       | -   | 1           |
| Mr. Akihiko Kawano              | 4                                     | 4        | Yes                       | 1   | -       | -   | -           |
| Mr. Hirofumi Matsuoka           | 4                                     | 1        | Yes                       | -   | -       | -   | -           |
| Mr. Toshiya Miki                | 4                                     | 3        | No                        | 2   | -       | -   | -           |
| Mrs. Geeta Mathur               | 4                                     | 4        | Yes                       | 8   | 2       | 9   | 4           |
| Mr. Inder Mohan Singh④          | 3                                     | 3        | Yes                       | 2   | -       | 3   | -           |
| Lt.Gen. Praveen Bakshi (Retd.)⑤ | 3                                     | 3        | Yes                       | 1   | -       | -   | -           |
| Mr. Hidehito Araki              | 4                                     | 4        | No                        | -   | 3       | -   | -           |
| Mrs. Hiroko Nose                | 4                                     | 3        | Yes                       | -   | 1       | -   | -           |
| Mr. Ravi Bhoothalingam⑥         | 2                                     | 2        | Yes                       | N.A.  | N.A.    | N.A.  | N.A.        |

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

| Name of Directors                | Name of other Listed Companies  | Category of Directorship   |
|----------------------------------|---|--|
| Mr. Hiroshi Ii②                  | -   | -  |
| Mr. Sudhir Chopra③               | -   | -  |
| Mr. Akihiko Kawano               | -   | -  |
| Mr. Hirofumi Matsuoka            | -   | -  |
| Mr. Toshiya Miki                 | Bharat Seats Limited  | Non-Executive & Non-Independent Director   |
| Mrs. Geeta Mathur                | Motherson Sumi Systems Limited<br>IIFL Finance Limited<br>NIIT Limited<br>Info Edge (India) Limited | Independent Director<br>Independent Director<br>Independent Director<br>Independent Director |
| Mr. Inder Mohan Singh④           | Eicher Motors Limited   | Independent Director   |
| Lt. Gen. Praveen Bakshi (Retd.)⑤ | G N A Axles Limited   | Independent Director   |
| Mr. Hidehito Araki               | -   | -  |
| Mrs. Hiroko Nose                 | -   | -  |
| Mr. Ravi Bhoothalingam⑥          | N.A.  | N.A.   |

Notes:

- ① Only covers Membership / Chairmanship of Audit Committee and Stakeholders Relationship Committee of public limited companies.
- ② Appointed as Director and Chairman with effect from 15 April 2019 by the Board of Directors in their meeting held on 16 March 2019 and his appointment was confirmed by shareholders of the Company in the Annual General Meeting held on 9 August 2019.
- ③ Elevated to the office of Executive Vice Chairman with effect from 1 June 2019 and his appointment was confirmed by the shareholders of the Company in the Annual General Meeting held on 9 August 2019.
- ④ Appointed as an Additional Director with effect from 18 May 2019, his appointment was confirmed by the shareholders of the Company in the Annual General Meeting held on 9 August 2019.
- ⑤ Appointed as an Additional Director with effect from 18 May 2019, his appointment was confirmed by the shareholders of the Company in the Annual General Meeting held on 9 August 2019.
- ⑥ Resigned with effect from the close of business hours of 9 August 2019 upon completion of his term as Independent Director of the Company.

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 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.

|   |   |
|---|---|
| <b>Leadership (L)</b>                   | Extended leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession and driving change and long-term growth.   |
| <b>Communication (C)</b>                | 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.  |
| <b>Experience (E)</b>                   | Have various leadership experiences within the profession. Have thorough knowledge of organization's policies / procedures / vision / mission.  |
| <b>Global business (GB)</b>             | 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  |
| <b>Financial (F)</b>                    | 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. |
| <b>Technology (T)</b>                   | A significant background in technology, resulting in knowledge of how to anticipate technological trends, generate disruptive innovation, and extend or create new business models.   |
| <b>Enterprise Risk Management (ERM)</b> | Ability to think critically about operational and governance issues to ensure the effective management of potential opportunities and adverse effects.  |
| <b>Human Resources Strategy (HRS)</b>   | Ability for planning and implementing human resource strategies.  |
| <b>Sales and Marketing (SM)</b>         | Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation.  |
| <b>Governance (G)</b>                   | Experience of governance principles and practices.  |

In the table below the specific areas of focus or expertise of individual Board Member have been highlighted.

| Name of Directors               | Areas of skills / expertise |   |   |    |   |   |     |     |    |   |
|---------------------------------|-----------------------------|---|---|----|---|---|-----|-----|----|---|
|                                 | L                           | C | E | GB | F | T | ERM | HRS | SM | G |
| Mr. Hiroshi Ii                  | ✓                           | ✓ | ✓ | ✓  |   | ✓ | ✓   | ✓   | ✓  | ✓ |
| Mr. Sudhir Chopra               | ✓                           | ✓ | ✓ | ✓  | ✓ |   | ✓   | ✓   |    | ✓ |
| Mr. Akihiko Kawano              | ✓                           | ✓ | ✓ |    | ✓ | ✓ | ✓   |     |    | ✓ |
| Mr. Hirofumi Matsuoka           |                             | ✓ | ✓ | ✓  |   | ✓ | ✓   |     | ✓  | ✓ |
| Mr. Toshiya Miki                |                             | ✓ | ✓ | ✓  |   | ✓ |     |     | ✓  | ✓ |
| Mrs. Geeta Mathur               | ✓                           | ✓ | ✓ |    | ✓ |   | ✓   |     |    | ✓ |
| Lt. Gen. Praveen Bakshi (Retd.) |                             | ✓ | ✓ | ✓  |   |   | ✓   | ✓   |    | ✓ |
| Mr. Inder Mohan Singh           | ✓                           | ✓ | ✓ |    | ✓ |   |     | ✓   |    | ✓ |
| Mr. Hidehito Araki              | ✓                           | ✓ | ✓ | ✓  |   |   |     | ✓   |    | ✓ |
| Mrs. Hiroko Nose                |                             | ✓ | ✓ |    | ✓ |   | ✓   |     |    | ✓ |

#### 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 2020



**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 instruments <sup>①</sup> / Stock Option Shares <sup>②</sup> held |
|---------------------------------|------------------------------|--|
| Mr. Hirofumi Matsuoka           | -                            | N.A.   |
| Mr. Toshiya Miki                | -                            | N.A.   |
| Mrs. Geeta Mathur               | -                            | N.A.   |
| Mr. Inder Mohan Singh           | -                            | N.A.   |
| Lt. Gen. Praveen Bakshi (Retd.) | -                            | N.A.   |
| Mr. Hidehito Araki              | -                            | N.A.   |
| Mrs. Hiroko Nose                | -                            | N.A.   |

Notes:

① As on date JIN has not issued any Convertible Instruments.

② As on date JIN has not issued any Stock Option Shares.

#### 6. Familiarization Programme of Independent Directors

The Independent Directors of the Company are eminent personalities having wide experience in the field of business, finance, education, 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:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results of the Company and its operating divisions or business segments.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- 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.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.

- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- 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.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- 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.
- Sale, of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- 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.

#### 8. Materially significant related party transactions

The Company supplies auto components to Maruti Suzuki India Limited (MSIL), the co-promoter of the Company and pays royalty, technical know-how fees and other charges to JTEKT Corporation, Japan, Promoter 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, 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. 40 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, was passed by the members of the Company in Thirty Fifth Annual General Meeting of the Company held on 9 August 2019.

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

The Remuneration to Directors is given as per the provision 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 2020**

| Name of Directors                   | Relationship with other Director | Sitting Fee <sup>①</sup> | Commission on profits | Salary      | Perquisites | Provident & Superannuation Fund | Total       |
|-------------------------------------|----------------------------------|--------------------------|-----------------------|-------------|-------------|---------------------------------|-------------|
| Mr. Hiroshi Ii                      | None                             | N.A.                     | -                     | 1,14,69,780 | 20,62,390   | -                               | 1,35,32,170 |
| Mr. Sudhir Chopra                   | None                             | N.A.                     | 36,50,000             | 1,24,18,742 | 2,94,576    | 17,70,000                       | 1,81,33,318 |
| Mr. Akihiko Kawano                  | None                             | N.A.                     | -                     | 49,05,000   | 19,14,095   | -                               | 68,19,095   |
| Mr. Hirofumi Matsuoka               | None                             | 50,000                   | -                     | N.A.        | N.A.        | N.A.                            | 50,000      |
| Mr. Toshiya Miki <sup>②</sup>       | None                             | 1,50,000                 | -                     | N.A.        | N.A.        | N.A.                            | 1,50,000    |
| Mrs. Geeta Mathur                   | None                             | 5,00,000                 | 13,10,000             | N.A.        | N.A.        | N.A.                            | 18,10,000   |
| Lt. Gen. Praveen Bakshi (Retd.)     | None                             | 3,00,000                 | 7,80,000              | N.A.        | N.A.        | N.A.                            | 10,80,000   |
| Mr. Inder Mohan Singh               | None                             | 3,00,000                 | 8,30,000              | N.A.        | N.A.        | N.A.                            | 11,30,000   |
| Mr. Hidehito Araki                  | None                             | 3,00,000                 | 4,20,000              | N.A.        | N.A.        | N.A.                            | 7,20,000    |
| Mrs. Hiroko Nose                    | None                             | 1,50,000                 | 3,10,000              | N.A.        | N.A.        | N.A.                            | 4,60,000    |
| Mr. Ravi Bhoothalingam <sup>③</sup> | None                             | 2,50,000                 | N.A.                  | N.A.        | N.A.        | N.A.                            | 2,50,000    |

Notes:

<sup>①</sup> Sitting Fee includes the fee paid for attending the Committee Meetings.

<sup>②</sup> Sitting Fee for attending the Board Meetings was paid to the nominating Company MSIL.

<sup>③</sup> Resigned with effect from the close of business hours of 9 August 2019 upon completion of his term as Independent Director of the Company

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/ Whole Time Director

As approved by the Shareholders of the Company in the 35 Annual General Meeting of the Company -

- an Agreement dated 9 August 2019 was executed between the Company and Mr. Sudhir Chopra for his appointment as Executive Vice Chairman with effect from 1 June 2019 to 31 May 2022, with remuneration; and
- an Agreement dated 7 March 2020 was executed between the Company and Mr. Hiroshi Ii for his appointment as Executive Chairman from 15 April 2019 to 31 March 2020, with remuneration,

upon the terms and conditions as approved by the Shareholders of the Company. The severance fee, if any, 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 22 June 2020 have approved the distribution of commission to the Independent Directors, by way of commission, out of the net profits for the Financial Year ended 31 March 2020 of the Company. 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 of the Company, 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, and 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;
  - (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 monitoring 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 there on;
  - (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) 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;
  - (17) Review the functioning of the whistle blower mechanism;
  - (18) Approve appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
  - (19) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
  - (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.
  - (21) 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;
- 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, 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. Nitin Sharma, 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 2020.**

As on 31 March 2020, the Audit Committee comprises of Mrs. Geeta Mathur, Mr. Inder Mohan Singh, Lt. Gen. Praveen Bakshi (Retd.) and Mr. Akihiko Kawano. 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 Mrs. Geeta Mathur, the Chairperson of the Audit Committee has accounting and related financial management expertise.

During the year, the Audit Committee met five times i.e. on 16 May 2019, 8 August 2019, 13 November 2019, 13 February 2020 and 27 February 2020 (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 2019-20**

| Name & Category of Directors  | Position    | Audit Committee meetings held during FY 2019-20 |          |
|---|-------------|---|----------|
|   |             | Eligibility                                     | Attended |
| Mrs. Geeta Mathur (Independent Woman Director)                      | Chairperson | 5   | 5        |
| Mr. Inder Mohan Singh <sup>①</sup> (Independent Director)           | Member      | 4   | 4        |
| Lt. Gen. Praveen Bakshi (Retd.) <sup>②</sup> (Independent Director) | Member      | 3   | 3        |
| Mr. Akihiko Kawano (Managing Director)                              | Member      | 5   | 4        |
| Mr. Ravi Bhoothalingam <sup>③</sup> (Independent Director)          | Member      | 2   | 2        |

Notes.

- ① Appointed as one of the members of the Committee with effect from 18 May 2019.
- ② Appointed as one of the members of the Committee with effect from 10 August 2019.
- ③ Ceased to be a member of the Committee with effect from close of business hours of 9 August 2019.

**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 listed entity 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 listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) review of the various measures and initiatives taken by the listed entity 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. Nitin Sharma, 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 2020.**

As on 31 March 2020, the Stakeholders Relationship Committee comprises of Mr. Hidehito Araki, Mr. Sudhir Chopra and Mr. Akihiko Kawano.

The Committee met four times during the year i.e., on 3 May 2019, 26 July 2019, 30 October 2019 and 31 January 2020 (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 2019-20**

| Name & Category of Directors                | Position    | Stakeholders Relationship Committee Meetings held during FY 2019-20 |          |
|---|-------------|---|----------|
|   |             | Eligibility   | Attended |
| Mr. Hidehito Araki (Independent Director)   | Chairperson | 4   | 4        |
| Mr. Sudhir Chopra (Executive Vice-Chairman) | Member      | 4   | 4        |
| Mr. Akihiko Kawano (Managing Director)      | Member      | 4   | 4        |

### 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, the Board of Directors has empowered the Nomination and Remuneration Committee 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 2020.

As on 31 March 2020, the Nomination and Remuneration Committee comprises of Mr. Inder Mohan Singh, Mr. Hiroshi li and Lt. Gen. Praveen Bakshi (Retd.). Except Mr. Hiroshi li, who

is Executive Chairman, all other members of the Committee are Independent Directors.

During the year ended on 31 March 2020, the Committee met three times i.e., on 06 May 2019, 29 July 2019 and 13 November 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 2019-20**

| Name & Category of Directors                               | Position    | Nomination and Remuneration Committee Meetings held during FY 2019-20 |          |
|--|-------------|---|----------|
|  |             | Eligibility   | Attended |
| Mr. Inder Mohan Singh ①<br>(Independent Director)          | Chairperson | 2   | 2        |
| Mr. Hiroshi li ②<br>(Executive Chairman)                   | Member      | 3   | 3        |
| Lt. Gen. Praveen Bakshi (Retd.)③<br>(Independent Director) | Member      | 1   | 1        |
| Mrs. Geeta Mathur ④<br>(Independent Woman Director)        | Member      | 1   | 1        |
| Mr. Ravi Bhoothalingam ⑤<br>(Independent Director)         | Member      | 2   | 2        |

Notes :

- ① Appointed as one of the members of the Committee with effect from 18 May 2019. Subsequently he was also appointed as Chairman of Committee effective from 10 August 2019.
- ② Appointed as one of the members of the Committee with effect from 15 April 2019.
- ③ Appointed as one of the members of the Committee with effect from 10 August 2019.
- ④ Appointed as one of the members of the Committee with effect from 1 April 2019 and ceased to be a member of the Committee with effect from 18 May 2019.
- ⑤ Ceased to be a member of the Committee with effect from the close of business hours of 9 August 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 2020.

As on 31 March 2020, the Risk Management Committee comprises of Mrs. Geeta Mathur and Mr. Akihiko Kawano.

During the year, the Committee met two times on 11 October 2019 and 31 January 2020 (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 2019-20.**

| Name & Category of Directors                        | Position    | Risk Management Committee Meetings held during FY 2019-20 |          |
|---|-------------|---|----------|
|   |             | Eligibility   | Attended |
| Mrs. Geeta Mathur ①<br>(Independent Woman Director) | Chairperson | 2   | 2        |
| Mr. Akihiko Kawano<br>(Managing Director)           | Member      | 2   | 2        |

Note :

- ① Appointed as one of the members of the Committee with effect from 18 May 2019.

The details of foreign exchange risk and hedging activities are disclosed in Note No. 47 to the Annual Financial Statement.

#### V) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of Directors have 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:

- formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Committee as specified in Schedule VII;
- recommend the amount of expenditure to be incurred on the activities referred in CSR Policy; and
- 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 2020.

As on 31 March 2020, the Corporate Social Responsibility (CSR) Committee comprises of Lt. Gen. Praveen Bakshi (Retd.), Mrs. Geeta Mathur and Mr. Akihiko Kawano.

During the year, the Committee met four times i.e., on 16 May 2019, 29 July 2019, 18 September 2019 and 19 December 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 2019-20.**

| Name & Category of Directors                                | Position    | CSR Committee Meetings held during FY 2019-20 |          |
|---|-------------|---|----------|
|   |             | Eligibility                                   | Attended |
| Lt. Gen. Praveen Bakshi (Retd.) ①<br>(Independent Director) | Chairperson | 2   | 2        |
| Mrs. Geeta Mathur<br>(Independent Woman Director)           | Member      | 4   | 4        |
| Mr. Akihiko Kawano<br>(Managing Director)                   | Member      | 4   | 3        |
| Mr. Ravi Bhoothalingam ②<br>(Independent Director)          | Member      | 2   | 2        |

Notes :

- ① Appointed as one of the members and Chairman of the Committee with effect from 10 August 2019
- ② Ceased to be a member of the Committee with effect from close of business hours of 9 August 2019.

## 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, your Company 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 employee(s), director(s) and other stake holders 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.

### 5) Subsidiary Company

As per 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 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>).

**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 Disclosure Requirements) Regulation, 2015, a Certificate of non dis-qualification of directors by the Company Secretary in Practice 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 2019-20 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               | 3.21                                     |
| Other Matters             | 24.25               | 3.50                                     |
| Reimbursement of Expenses | 5.53                | 0.80                                     |

**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 2019-20:

|  |     |
|--|-----|
| 1. Number of complaints filed:                       | Nil |
| 2. Number of complaints disposed:                    | Nil |
| 3. Number of complaints pending as on 31 March 2020: | 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. Akihiko Kawano, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

As required, a brief profile and other particulars of the Directors seeking appointment/re-appointment are given in the Notice of the 36 Annual General Meeting.

**2) Credit Ratings**

The following Credit Ratings have been reaffirmed by ICRA:

| Particulars | Rating | Remarks    |
|-------------|--------|------------|
| Long term   | AA     | Reaffirmed |
| Short term  | 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 [www.jtekt.co.in](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. Nitin Sharma, Company Secretary is the Compliance Officer.

**5) Share Transfer**

M/s. KFin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited) (hereinafter referred to as 'KFin'), 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. KFin 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 2020 are 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 Agreement, having the Internal Auditor of the Company reporting directly to the Audit Committee.

During the year ended on 31 March 2020, 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 Agreement (see Table 10).

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

| Financial Year (Ended) | Date           | Time       | Venue   |
|------------------------|----------------|------------|---|
| 31 March 2017          | 22 August 2017 | 10:00 A.M. | Air Force Auditorium<br>Subroto Park<br>New Delhi-110 010 |
| 31 March 2018          | 10 August 2018 | 10:00 A.M. | Air Force Auditorium<br>Subroto Park<br>New Delhi-110 010 |
| 31 March 2019          | 9 August, 2019 | 04:00 P.M. | Air Force Auditorium<br>Subroto Park<br>New Delhi-110 010 |

## 9) Special Resolutions

In the ensuing 36 Annual General Meeting of the Company to be held on 23 September, 2020, the shareholders' consent is being sought by way of Special Resolution for:

- Appointment of Mr. Hitoshi Mogi (DIN 08741355) as Non-rotational Director of the Company.

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

35 Annual General Meeting held on 09 August 2019

- Appointment of Mr. Hirofumi Matsuoka as Director whose office is liable to retire by rotation.
- Appointment of Mr. Hidehito Araki as an Independent Director.
- Appointment of Mrs. Hiroko Nose as an Independent Woman Director.
- Appointment of Lt. Gen. Praveen Bakshi (Retd.) as an Independent Director.

- Appointment of Mr. Inder Mohan Singh as an Independent Director.
- 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.

34 Annual General Meeting held on 10 August 2018

- Appointment of Mrs. Geeta Mathur as an Independent 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.

## 10) Postal Ballots

At the ensuing Annual General Meeting to be held on 23 September, 2020 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 35 Annual General Meeting of the Company.

## 11) Recommendations of Committees

During the Financial Year ended on 31 March 2020, the Board of Directors had accepted all the recommendations of Committees of Directors of the Company.

## 12) Business Responsibility Report

Pursuant to the Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective, forms part of this Annual Report. The Company has also framed and adopted the Business Responsibility Policy and the same is available at the Company's website (web link: <http://www.jtekt.co.in/policies.html>).



# CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,

**JTEKT India Limited**

(formerly known as "Sona Koyo Steering Systems Limited")

UGF-6, Indraprakash Building, New Delhi-110001

**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 2020. We have initialled the Report for identification purpose only.

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

1. The Management along with the Board of Directors 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 including the Board of Directors. 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 the Company for the year ended on March 31, 2020, 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 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 Listing Regulations for the year ended on March 31, 2020.

**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**  
Company Secretaries

**Krishna Kumar Singh**  
(Proprietor)

Membership No: 8493

CP No. : 9760

UDIN: F008493B000362385

Place: New Delhi  
Date : 22 June,2020

# ADDITIONAL SHAREHOLDER INFORMATION

## ANNUAL GENERAL MEETING

|       |   |   |
|-------|---|---|
| Date  | : | 23 September 2020   |
| Venue | : | Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") |
| Time  | : | 11.00 A.M.  |

## FINANCIAL CALENDAR

|                |   |                               |
|----------------|---|-------------------------------|
| Financial year | : | 1 April 2020 to 31 March 2021 |
|----------------|---|-------------------------------|

For the year ending 31 March, 2021, results will be announced:

- First Quarter Financial Results : Tentatively in First Week of August 2020
- Second Quarter and Half Yearly Financial Results : Tentatively in Second Week of November 2020
- Third Quarter Financial Results : Tentatively in Second Week of February 2021
- Fourth Quarter and Annual Financial Results : Tentatively in Second Week of May 2021

## BOOK CLOSURE

The dates of book closure are from 17 September 2020 to 23 September 2020 (both days inclusive).

## DIVIDEND RATE

The Board of Directors of JIN, in their meeting held on 22 June 2020, has recommended the dividend of INR 0.35 per Equity Share of INR 1/- each for the year ended 31 March 2020. The dividend if approved by the Shareholders at the ensuing Annual General Meeting will be dispatched/credited on and after 30 September 2020.

## 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 |
|---|------------|---------------------------------|
| <b>BSE Limited</b><br>Phiroze Jeejeebhoy Towers, Dalal Street,<br>Mumbai- 400001  | 520057     | 23 April 2020                   |
| <b>National Stock Exchange of India Limited</b><br>Exchange Plaza, Plot no. C/1, G Block,<br>Bandra-Kurla Complex Bandra (E)<br>Mumbai - 400 051. | JTEKTINDIA | 23 April 2020                   |

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

**STOCK DATA**

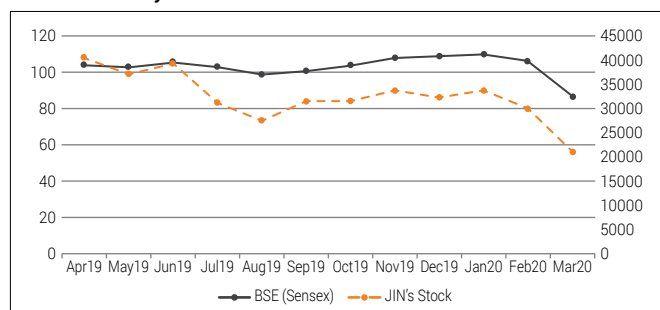
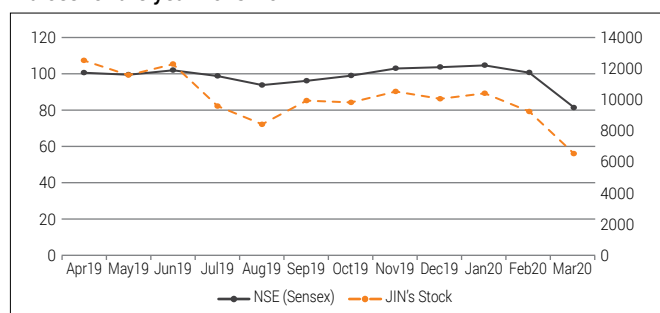
Table 1 gives the monthly high and low prices and volumes of Equity Shares of JIN at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for the year ended 31 March 2020.

**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 2019     | 119.30 | 97.10 | 246927  | 119.50 | 95.00 | 1411952 |
| May 2019       | 113.70 | 85.20 | 324841  | 112.95 | 86.00 | 1646144 |
| June 2019      | 117.50 | 93.10 | 254930  | 117.50 | 93.10 | 2155244 |
| July 2019      | 98.00  | 67.40 | 257225  | 98.80  | 66.00 | 1381327 |
| August 2019    | 81.95  | 63.50 | 264820  | 81.70  | 62.80 | 1921979 |
| September 2019 | 95.10  | 73.80 | 196910  | 95.60  | 73.55 | 1281507 |
| October 2019   | 95.30  | 73.15 | 209423  | 95.30  | 72.25 | 2099647 |
| November 2019  | 98.70  | 81.20 | 161211  | 99.00  | 80.80 | 1727713 |
| December 2019  | 94.00  | 77.85 | 162325  | 93.80  | 77.55 | 1802829 |
| January 2020   | 96.00  | 83.10 | 151376  | 95.80  | 83.00 | 1798816 |
| February 2020  | 88.60  | 70.70 | 275295  | 88.60  | 70.15 | 1038201 |
| March 2020     | 76.50  | 34.75 | 399918  | 77.40  | 35.10 | 2699164 |

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 2019-20.****Chart B: The movement of JIN's share price on NSE vis-à-vis NSE Indices for the year 2019-20.****DISTRIBUTION OF SHAREHOLDING**

For the distribution of shareholding and shareholding pattern of JIN as on 31 March 2020 see Table 2A and 2B respectively.

**Table 2A : Distribution of Shareholding by size class as on 31 March 2020**

| Amount         | Number of shareholders | Number of shares held | Shareholding (%) |
|----------------|------------------------|-----------------------|------------------|
| Upto 5000      | 39281                  | 18650778              | 7.63             |
| 5001-10000     | 705                    | 5236450               | 2.14             |
| 10001-20000    | 246                    | 3600868               | 1.47             |
| 20001-30000    | 87                     | 2187260               | 0.89             |
| 30001-40000    | 27                     | 961425                | 0.40             |
| 40001-50000    | 14                     | 654300                | 0.27             |
| 50001-100000   | 29                     | 2047988               | 0.84             |
| 100001 & above | 42                     | 211141400             | 86.36            |
| <b>Total</b>   | <b>40431</b>           | <b>244480469</b>      | <b>100.00</b>    |

**Table 2B : Distribution of Shareholding by ownership as on 31 March 2020**

| Category                                 | No. of shareholders | No. of Shares held | Shareholding (%) |
|--|---------------------|--------------------|------------------|
| Foreign Body Corporate                   | 1                   | 169559997          | 69.36            |
| Indian Company                           | 1                   | 13800000           | 5.64             |
| <b>Promoter &amp; Promoter Group (A)</b> | <b>2</b>            | <b>183359997</b>   | <b>75.00</b>     |
| Bodies Corporate                         | 350                 | 2571890            | 1.06             |
| Individuals and HUF                      | 39223               | 35674123           | 14.59            |
| Non resident Indians                     | 756                 | 2795076            | 1.14             |
| Foreign Nationals                        | 1                   | 3134               | 0.00             |
| Mutual Funds                             | 8                   | 6920066            | 2.83             |
| Foreign Portfolio Investors              | 18                  | 4788182            | 1.96             |
| Financial Institutions / Banks           | 3                   | 90121              | 0.04             |
| Alternate Investment Funds               | 4                   | 2010734            | 0.82             |
| Insurance Companies                      | 1                   | 1200000            | 0.49             |
| NBFC                                     | 2                   | 412591             | 0.17             |
| Trusts                                   | 1                   | 5500               | 0.00             |
| Clearing Members                         | 60                  | 148028             | 0.06             |
| IEPF                                     | 1                   | 4484957            | 1.83             |
| Unclaimed Suspense Account*              | 1                   | 16070              | 0.01             |
| <b>Public Shareholding (B)</b>           | <b>40429</b>        | <b>61120472</b>    | <b>25.00</b>     |
| <b>Total (A+B)</b>                       | <b>40431</b>        | <b>244480469</b>   | <b>100.00</b>    |

\*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 2020, 99.54% 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, which are 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 2020**

| 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 2019). | 1674                | 3038565                 |
| Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2019-20.            | 36                  | 82670                   |
| Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2019-20.                              | 36                  | 82670                   |
| Number of shares transferred from the Unclaimed Suspense Account to Investor Education and Protection Fund (IEPF) during the year 2019-20.       | 1616                | 2939825                 |
| Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account as on 31 March 2020.                               | 22                  | 16070                   |
| The voting right shall remain frozen till the rightful owner of such shares claims the share.  | 22                  | 16070                   |

**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. KFin Technologies Private Limited (Formerly known as Karvy Fintech

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:

|  |  |
|--|--|
| KFin Technologies Private Limited<br>Unit: JTEKT India Limited<br>Selenium Tower-B, Plot No. 31 & 32,<br>Financial District, Gachibowli,<br>Nanakramguda, Serilingampally,<br>Hyderabad 500 032<br>e-mail : einward.ris@kfintech.com | The Company Secretary<br>JTEKT India Limited<br>UGF-6, Indraprakash<br>21, Barakhamba Road<br>New Delhi – 110 001.<br>e-mail : investorgrievance@jtekt.co.in |
|--|--|

KFin Technologies 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 KFin Technologies Private Limited (Formerly known as Karvy Fintech 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 2013 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government. Table 4B gives the unclaimed dividend amount since 2013.

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

| Year | Type  | Date of declaration | Date due for transfer to Central Government |
|------|-------|---------------------|---|
| 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                           |
| 2019 | Final | 9 August 2019       | 10 September 2026                           |

During the financial year under review, the Company has transferred INR 36,31,976/- to Investor Education and Protection Fund towards unclaimed dividend pertaining to the year ended 31 March, 2012.

**Table 4B : Unclaimed dividend as on 31 March 2020**

| Year | Type  | No. of warrants issued | No. of warrants unclaimed | % unclaimed | Amount of dividend (INR Lakhs) | Dividend unclaimed (INR Lakhs) | % unclaimed |
|------|-------|------------------------|---------------------------|-------------|--------------------------------|--------------------------------|-------------|
| 2013 | Final | 53987                  | 9601                      | 17.78       | 1291.89                        | 36.17                          | 2.78        |
| 2014 | Final | 53202                  | 10366                     | 19.48       | 1589.98                        | 41.87                          | 2.63        |
| 2015 | Final | 53041                  | 11490                     | 21.66       | 1291.91                        | 35.14                          | 2.72        |
| 2016 | Final | 53430                  | 12051                     | 22.55       | 993.83                         | 27.45                          | 2.76        |
| 2017 | Final | 49988                  | 8908                      | 17.82       | 993.82                         | 27.78                          | 2.80        |
| 2018 | Final | 50280                  | 7529                      | 14.97       | 993.82                         | 21.96                          | 2.21        |
| 2019 | Final | 40534                  | 3187                      | 7.86        | 1955.84                        | 32.90                          | 1.68        |

**NUMBER AND NATURE OF COMPLAINTS REGARDING SHARES****Table 5 : Details of Investor complaints regarding shares for the year 2019-20.**

| <b>Nature of complaint</b>        | <b>Number of complaints</b> | <b>Number redressed</b> |
|-----------------------------------|-----------------------------|-------------------------|
| Non-receipt of dividend           | 8                           | 8                       |
| Non-receipt of Annual Report      | 2                           | 2                       |
| Non-receipt of Share Certificates | 12                          | 12                      |
| Others                            | 2                           | 2                       |
| <b>Total</b>                      | <b>24</b>                   | <b>24</b>               |

**PLANTS' LOCATION**

- 1) 38/6, NH-8, Delhi-Jaipur Road, Gurugram-122001 (Haryana).
- 2) Plot No. 32, Industrial Area Phase II, Dharuhera, Dist. Rewari (Haryana).
- 3) Plot No. 19, Industrial Area, Dharuhera, Dist. Rewari (Haryana).
- 4) 39/2/2, 3/2 4/2, 7,8 Village Malpura, Tehsil Dharuhera, Dist. Rewari (Haryana).
- 5) Plot No. 26, Sector-5, Phase-II, Growth Centre, Bawal, Distt. Rewari-123501
- 6) P.O. Box 14, Chennai-Bangalore Highway, Sriperumbudur, Distt. Chinglepet, Tamil Nadu – 602 105.
- 7) Plot No. D-9, TML Vendor Park, Survey No. 1, Village Northcotepura, Sanand, Amhedabad, 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 122002 (Haryana)

# CERTIFICATION BY COMPANY SECRETARY IN PRACTICE

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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 and 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 2020 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 .

| S. No. | Name of Directors       | DIN      | Date of appointment in Company |
|--------|-------------------------|----------|--------------------------------|
| 1.     | Mr. Hiroshi Ii ①        | 08385716 | 15/04/2019                     |
| 2.     | Mr. Sudhir Chopra       | 00058148 | 18/05/2017                     |
| 3.     | Mr. Akihiko Kawano      | 08160588 | 01/07/2018                     |
| 4.     | Mr. Hirofumi Matsuoka   | 08192915 | 11/08/2018                     |
| 5.     | Mr. Toshiya Miki        | 07505339 | 05/08/2016                     |
| 6.     | Mrs. Geeta Mathur       | 02139552 | 10/11/2017                     |
| 7.     | Mr. Inder Mohan Singh ② | 07114750 | 18/05/2019                     |
| 8.     | Mr. Praveen Bakshi③     | 08261443 | 18/05/2019                     |
| 9.     | Mr. Hidehito Araki      | 02517509 | 11/08/2018                     |
| 10.    | Mrs. Hiroko Nose        | 06389168 | 11/08/2018                     |

- ① Appointed as Director and Chairman with effect from 15 April 2019 by the Board of Directors in their meeting held on 16 March 2019 and his appointment was confirmed by shareholders of the Company in the Annual General Meeting held on 9 August 2019.
- ② Appointed as an Additional Director with effect from 18 May 2019, his appointment was confirmed by the shareholders of the Company in the Annual General Meeting held on 9 August 2019.
- ③ Appointed as an Additional Director with effect from 18 May 2019, his appointment was confirmed by the shareholders of the Company in the Annual General Meeting held on 9 August 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 of 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**

Date: 22.06.2020  
Place : New Delhi

**Arun Kumar Gupta**  
Company Secretary  
ACS: 21227  
C.P. No. 8003  
UDIN : A021227B000362645

## 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 2020 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: 22 June 2020

**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 2020.

For **JTEKT India Limited**

Place: Gurugram  
Date : 22 June 2020

**Akihiko Kawano**  
Managing Director

# BUSINESS RESPONSIBILITY REPORT

[As per Regulation 34(2)(f) of Securities and Exchange Board of India]

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

|     |   |   |
|-----|---|---|
| 1.  | Corporate Identity Number (CIN) of the Company                                      | L29113DL1984PLC018415   |
| 2.  | Name of the Company   | JTEKT India Limited   |
| 3.  | Registered Address  | UGF-6 Indraprakash, 21 Barakhamba Road, New Delhi 110001  |
| 4.  | Website   | www.jtekt.co.in   |
| 5.  | E-mail id   | investorgrievance@jtekt.co.in   |
| 6.  | Financial Year reported   | 2019-20   |
| 7.  | Sector(s) that the Company is engaged in (industrial activity code-wise)            | 293 - Manufacture of parts and accessories for motor vehicles (As per National Industrial Classification, Ministry of Statistics and Programme Implementation, Government of India) |
| 8.  | Key products/services that the Company manufactures/ provides (as in balance sheet) | Steering Gear Assembly Drive Line Assembly  |
| 9.  | Total number of locations where business activity is undertaken by the Company      | Seven (7)   |
|     | (a) Number of International Locations   | Nil   |
|     | (b) Number of National Locations  | Seven (7)   |
| 10. | Markets served by the Company – Local/State/National/ International                 | National & International  |

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

|    |   |  |
|----|---|--|
| 1. | Paid up Capital (INR)   | INR 24,44,80,469 consisting of 24,44,80,469 nos. of Equity Shares of INR 1/- per share |
| 2. | Total Turnover (INR)  | INR 154,189.26 lakhs   |
| 3. | Total profit after taxes (INR)  | INR 2750.62 lakhs  |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | INR 94.56 lakhs<br>3.7% of profit after tax  |
| 5. | List of activities in which expenditure in 4 above has been incurred:                         | Refer Annexure II of the Board's Report attached with this Annual Report.              |

## SECTION C: OTHER DETAILS

|    |   |  |
|----|---|--|
| 1. | Does the Company have any Subsidiary Company/ Companies?  | As on 31st March, 2020, the Company has one (1) subsidiary i.e JTEKT Fuji Kiko Automotive India Limited.   |
| 2. | Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)   | JTEKT Fuji Kiko Automotive India Limited, the only Subsidiary of the Company, does not directly or indirectly, participate in BR initiatives of the Company. |
| 3. | Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? | No other entity/ entities directly or indirectly, participate in BR initiatives of the Company.  |

## SECTION D: BR INFORMATION

|    |  |                    |
|----|--|--------------------|
| 1. | Details of Director responsible for BR   |                    |
|    | (a) Details of the Director/Director responsible for implementation of the BR policy/policies:   |                    |
|    | Director Identification Number (DIN)   | 08160588           |
|    | Name   | Mr. Akihiko Kawano |
|    | Designation  | Managing Director  |
| 2. | Principle-wise (as per NVGs) BR Policy/policies  |                    |
|    | The National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business (NVGs), released by the Ministry of Corporate Affairs, has adopted nine areas of Business Responsibility. |                    |
|    | Principle1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability (P1);   |                    |
|    | Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle (P2);   |                    |
|    | Principle 3: Businesses should promote the wellbeing of all employees (P3);  |                    |



Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised (P4);

Principle 5: Businesses should respect and promote human rights (P5);

Principle 6: Businesses should respect, protect, and make efforts to restore the environment (P6);

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner (P7);

Principle 8: Businesses should support inclusive growth and equitable development (P8) and

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner (P9).

(a) Details of compliance (Reply in Y/N)

| No. | Questions  | P1   | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|-----|--|--|----|----|----|----|----|----|----|----|
| 1.  | Do you have a policy/ policies for...  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 2.  | Has the policy being formulated in consultation with the relevant stakeholders?  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 3.  | Does the policy conform to any national / international standards? If yes, specify? (50 words) *   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 4.  | Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?                                   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 5.  | Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?                                | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 6.  | Indicate the link for the policy to be viewed online?  | (web link: <a href="http://www.jtekt.co.in/policies.html">http://www.jtekt.co.in/policies.html</a> ) |    |    |    |    |    |    |    |    |
| 7.  | Has the policy been formally communicated to all relevant internal and external stakeholders?  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 8.  | Does the company have in-house structure to implement the policy/ policies.  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 9.  | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 10. | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?                                 | N  | N  | N  | N  | N  | N  | N  | N  | N  |

\* The Whistle Blower Policy, Code of Conduct, Prevention of Sexual Harassment Policy and Corporate Social Responsibility Policy are framed as per the requirements of the respective legislations of India. Environment policy conforms to ISO - 14001 which is an international standard released by International Standards Organisation (ISO).

(b) If answer to the questions at serial no 1 against any principle is 'No', please explain why:

| No. | Questions   | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|-----|---|----|----|----|----|----|----|----|----|----|
| 1.  | The company has not understood the Principles   |    |    |    |    |    |    |    |    |    |
| 2.  | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles |    |    |    |    |    |    |    |    |    |
| 3.  | The company does not have financial or manpower resources available for the task  |    |    |    |    |    |    |    |    |    |
| 4.  | It is planned to be done within next 6 months   |    |    |    |    |    |    |    |    |    |
| 5.  | It is planned to be done within the next 1 year   |    |    |    |    |    |    |    |    |    |
| 6.  | Any other reason (please specify)   |    |    |    |    |    |    |    |    |    |

Not Applicable

### 3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The management regularly monitors the BR initiatives and a complete assessment is done at the end of the financial year.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the first BR Report of the Company and is published annually as part of the Annual Report. The same can be assessed through the link: <http://www.jtekt.co.in/policies.html>

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Yes, the Company has adopted Anti-corruption and Bribery policy and is imparting training on the same to employee of the Company on regular basis.

In order to give effective implementation to the policy necessary clauses related to Anti-corruption and Bribery forms part of agreement executed with suppliers, contractors and other outside party with whom company is dealing.

Since the Anti-corruption and Bribery policies have been implemented in accordance with the global practice of holding company i.e. JTEKT Corporation hence it extends to Group companies and Joint Ventures of the Company.

The Company's Code of Conduct and Ethics also affirms its commitment to the highest standards of integrity and ethics.

Further, as per the requirement of Companies Act, Listing Agreement and JTEKT Global practices, company has constituted Whistle Blower Committee, which also been empowered to consider and investigate on the matters related to bribery and corruption.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the year 2019-20, the Company has received two whistle blower complaints, and necessary actions are taken by management thereof, apart from this the company has not received any other complaint on the subject matter.

### Principle 2: Product Life Cycle Sustainability

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- (a) Manual Steering Gear
- (b) Hydraulic Power Steering
- (c) Column type Electric Power Steering

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Company is committed to save resources by adopting latest technology for manufacturing of products such as CEPS, MS Gear and HPS. Since these products also contribute in to the total weight tend to increase the weight of the vehicle, the weight and physical size reduction is critical for fuel efficiency and vehicle compactness respectively considering environmental impact.

In this regard, globally efforts are being made for innovation of new materials and technologies to have light weight

material of same strength. In this regard, JIN on one side is putting efforts to use lighter material and on other hand is using design expertise in optimising design and also adopting different technologies to reduce the weight of product, thus providing green product to reduce environmental impact. For all products mentioned above, technical and design team of JIN explored several methods of weight reduction such as weight optimisation CAE and under value addition activity, adoption of tubular technology in place of solid forged shafts changing the design from Solid Forged to Tubular, reducing sheet thickness and profile optimization through virtual simulation tools, promoting use of cold forged parts, yield improvement in die cast components / press part components as well as other weight/size reduction techniques to the steering technology for automobiles to provide safe, comfortable and environment-friendly products for the vehicles. The optimized designs and technologies resulted in saving of raw materials and power consumption directly at consumer end, directly at JTEKT India and indirectly in entire supply chain.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes, while developing or sourcing any part or conducting any business with suppliers, the Company follows environmental guidelines to protect environment and make sure that parts are free from prohibited chemicals and/or substance. Green Purchasing guidelines are followed by Purchasing Department, due to which there is reduction of corrugated waste by 8 MT during Financial Year 2019-20 and company have set a target for reduction of corrugated waste by 17 MT for FY20-21. Safety trainings are provided to suppliers to make sure safe and healthy environment at suppliers' end. Safety audits are conducted from time to time.

This is a part of Company's way to integrate our social, ethical and environmental performance. We know our products more deeply & therefore have made our supply chain choices in a better & sustainable way. Our supply chain is built on the foundation of stronger & longer relationships focused to adopt our future supply chain requirements through Milk run concepts, changing our packaging to Green & Returnable which caters environmental needs. We are co-ordinating & developing our suppliers on secure robust pipelines for future that considers what materials and technological advancement our products will require in coming years.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes. Company procures parts and promotes MSME suppliers by providing support them in upgrading Quality, Process and Capacity improvement matters. Company

provides them DOJO training to understand the process and make improvement at their shop floor to improve efficiency. Quality Team visits and audits their Plants and provide training wherever they found any gaps.

Transportation services are taken from local villagers who have formed groups to support the industry needs.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The focus of the Company is first to minimize the waste by product and process design and then to recycle the waste in the most environmentally sustainable manner. The Company recycles materials itself wherever it is usable within the Company. Materials which cannot be reused are disposed-off in a manner that waste will be recycled to the extent possible while meeting or exceeding the regulatory environmental norms.

### Principle 3: Employee Well-Being

1. Please indicate the Total number of employees.  
As on 31 March 2020 the total number of employees were 3469 on standalone basis.
2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis.  
During Financial Year 2019-20, 1840 outsourced personnel were engaged on standalone basis.
3. Please indicate the Number of permanent women employees.  
As on 31 March 2020 - 59 number of permanent women employees were engaged by the Company on standalone basis.
4. Please indicate the Number of permanent employees with disabilities  
As on 31 March 2020 no permanent employee with disabilities was engaged by the Company.
5. Do you have an employee association that is recognized by management?  
The Company has a registered trade union at Gurugram location recognized by the management and affiliated to AITUC. At all other JIN locations there are various forums such as Work Committees, Safety Committees etc. which are available for association of workers.
6. What percentage of your permanent employees is members of this recognized employee association?  
As on 31 March 2020 approximately 12% of permanent employees are part of registered trade union on standalone basis.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

| S. No. | Category           | No. of complaints filed during the Financial Year | No. of Complaints pending |
|--------|--------------------|---|---------------------------|
| 1.     | Child Labour       | Nil   | Nil                       |
| 2.     | Forced Labour      | Nil   | Nil                       |
| 3.     | Involuntary Labour | Nil   | Nil                       |
| 4.     | Sexual Harassment  | Nil   | Nil                       |

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

|  |     |
|--|-----|
| Permanent Employees                    | 88% |
| Permanent Women Employees              | 91% |
| Casual/Temporary/Contractual Employees | 92% |
| Employees with Disabilities            | NA  |

### Principle 4: Stakeholders Engagement

1. Has the company mapped its internal and external stakeholders? Yes/No  
Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.  
There are no identified disadvantaged, vulnerable & marginalized stakeholders.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.  
Not Applicable

### Principle 5: Human Rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?  
The Company is committed to human rights and the same had been embedded in the JTEKT India Limited 'Code of Conduct' which are applicable to Employees, Board of Directors of the Company. Further the Company's commitment to follow the basic principles of human rights also reflects within the various HR Policies and processes. All employees, including outsourced personnel, are sensitised to basic ethics, human rights as part of their orientation programme.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?  
Other than Whistle Blower Complaints, there were NIL compliant in FY 2019-20.

### Principle 6: Environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.  
Environmental Policy of the Company is applicable to all the business units/groups and extends to business partners including suppliers, vendors and contractors.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes, the Company has an 'Environment Policy' which guides the organisation to continually mitigate the impact on climate change and global warming as a result of our operations. The Company works continuously to reduce the waste and focused on creating green infrastructure which are designed for better energy efficiency and efficient operations. The 'Environment Policy' is displayed on the website of the Company (web link: <http://www.jtekt.co.in/policies.html>).

3. Does the company identify and assess potential environmental risks? Y/N

Yes, potential environmental risks are identified as a part of the Company's risk management activity and feature in the Company's risk assessment documentation. The Company periodically reviews its environmental risks and undertakes initiatives to mitigate them.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

All plants of JIN in India are certified for requirements under ISO 14001 (Environmental Management System). Audits by independent auditors are carried out to check the level of compliance. Environmental management system planning ensures that the corrective actions are close looped and issues are addressed within a reasonable time frame. Safety, Health and Environment (SHE) performance assessment is carried out periodically to review the situation and identify the areas for improvement. Objectives are established for the next year and improvement programs are prepared and deployed. Yes, the Company files environment compliance report(s) as per Pollution Control Board requirement.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, all the Plants of JIN undertake specific projects for carbon dioxide emissions reduction and for implementation of energy efficient equipments. Initiatives are displayed on the website of the Company (web link: <http://www.jtekt.co.in/policies.html>).

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

All emissions and waste generated by the Company are within the permissible limits given by CPCB/SPCB.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

None.

#### Principle 7: Policy Advocacy

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- The Automotive Component Manufacturers Association of India (ACMA).
- The Confederation of Indian Industry (CII)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/

No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

No

#### Principle 8: Inclusive Growth

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company supports inclusive growth and equitable development through its Corporate Social Responsibility (CSR) programmes. The Company has aligned its CSR programmes/initiatives/ activities with the requirements of Companies Act, 2013. The Company's CSR activities are being monitored by the CSR Committee constituted by the Board.

The details and impact of the CSR programmes/ initiatives/ activities taken by the Company in the recognised fields are detailed in the CSR annexure attached to the Annual Report of the Company.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The Company carries such programmes / initiatives / activities directly as well as indirectly and strives to ensure a better quality of life for the people while contributing towards a strong economy. All our CSR efforts stem from our Corporate Social Responsibility (CSR) Policy and focus on some of the key priorities of the communities.

Assistance of external agencies / expert may be taken as and when required.

3. Have you done any impact assessment of your initiative?

No formal impact assessment of the initiatives has been undertaken by the Company.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

Details of amount spent by the Company by way of CSR Programmes towards the development of the Community have been provided in Annexure II of the Board's Report for the financial year 2019-20.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The Company undertakes CSR activities after assessing the needs of the community. Further, all CSR activities are rolled out directly to the society. The Company believes that they will benefit the society at large. This helps in increased reach as well as ensuring the adoption of initiative by communities. Project teams track the reach and take necessary steps to make it successful.

**Principle 9: Consumer Value**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

There are no customer complaints/ consumers cases pending as on the end of financial year.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks(additional information)

No

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

JTEKT SONA Automotive India Limited (JSAI) and JTEKT Corporate Japan (JJP) were questioned by Competition Commission of India (CCI) in a suo-moto case. CCI asked both of the entities to explain about pricing of certain products in the Indian market. The information which was sought by CCI was promptly replied. The Indian entity and its officials were not directly involved in the subject matter and all the consequences were borne by JJP.

Due to amalgamation between JSAI and JTEKT India Limited (JIN) effective from 16 March 2019, at the time of CCI's final order, JIN become party to it.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

The Company conduct surveys for Original Equipment Manufacturers only.

# BOARD'S REPORT

## TO THE MEMBERS,

Your Directors have pleasure in presenting their 36 Annual Report together with audited accounts of the Company for the year ended 31 March 2020.

### 1. Financial Results

#### STANDALONE AND CONSOLIDATED PERFORMANCE OF THE COMPANY

(Amount in INR/Lakhs)

| Particulars                                    | Standalone                 |                             | Consolidated               |                             |
|--|----------------------------|-----------------------------|----------------------------|-----------------------------|
|  | Current Year<br>31.03.2020 | Previous Year<br>31.03.2019 | Current Year<br>31.03.2020 | Previous Year<br>31.03.2019 |
| Total Income (net of excise duty)              | 154,189                    | 178,567                     | 151,935                    | 176,561                     |
| Profit before interest , depreciation & tax    | 12,904                     | 21,342                      | 14,567                     | 23,328                      |
| - Interest                                     | 989                        | 1,552                       | 993                        | 1,555                       |
| - Depreciation & write offs                    | 8,651                      | 9,060                       | 9,278                      | 9,595                       |
| Profit before share of profit of Associates    | 3,264                      | 10,730                      | 4,296                      | 12,179                      |
| Profit before tax                              | 3,264                      | 10,730                      | 4,296                      | 12,179                      |
| Less : Provision for tax                       | 1,237                      | 4,179                       | 1,607                      | 4,632                       |
| Provision for deferred tax liability/(assets)  | (724)                      | (305)                       | (823)                      | (280)                       |
| Profit after tax                               | 2,751                      | 6,856                       | 3,512                      | 7,826                       |
| Less : Share of profit transferred to minority | -                          | -                           | 486                        | 552                         |
| Profit for the year                            | 2,751                      | 6,856                       | 3,026                      | 7,274                       |
| <b>Retained Earnings</b>                       |                            |                             |                            |                             |
| Balance at the beginning of the year           | 36,199                     | 31,833                      | 38,165                     | 33,412                      |
| Transition impact of Ind AS 116                | (168)                      | -                           | (168)                      | -                           |
| Profit for the year                            | 2,751                      | 6,856                       | 3,026                      | 7,274                       |
| Payment of Dividend on equity shares           | (1,956)                    | (1,861)                     | (1,956)                    | (1,861)                     |
| Corporate Dividend Tax paid                    | (350)                      | (522)                       | (402)                      | (554)                       |
| OCI Transfer to Retained Earnings              | (233)                      | (107)                       | (239)                      | (106)                       |
| <b>Balance at the end of the year</b>          | <b>36243</b>               | <b>36,199</b>               | <b>38,426</b>              | <b>38,165</b>               |

The consolidated financial statement is also being presented in addition to the standalone financial statement of the Company.

### 2) State of Affairs of the Company

The Company achieved revenue from operations of INR 153,090 lakhs during the year; facing a decline of 13.7% compared to revenue achieved in the previous year. The decline in sales corresponds to the overall decline in Auto sector which registered a de-growth of (-) 14.7% over the year. The Company reported profit after tax of INR 2,751 lakhs. The decline in Net Profit margin from 3.9% to 1.7% is mainly due to a decline in sales volumes.

### 3) Covid-19 Pandemic

In the last month of FY 2020, the Covid-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity.

In keeping with its employee-safety first approach the Company has taken several initiatives to tackle this unprecedented situation. In line with the government guidelines and best practices followed in the industry the company has promptly launched a series of initiatives related to Covid-19 such as

(a) conducting awareness sessions via online trainings program  
(b) continuous monitoring of health of employees and visitors of the Company  
(c) regular sanitisation of work areas and modification in the layout of work areas  
(d) where practically possible adopted 'work-from-home' model.

As a responsible member of the community that it operates in, the Company has contributed to various Covid-19 relief and monitoring programs in India.

The Indian economy was hoping for some revival at the beginning of 2020, but due to Covid-19, all prospects of an early financial rebound have diminished. In order to meet the challenges posed by Covid-19, the Government decided to impose nationwide lockdown in the last week of March 2020. Stoppage of economic activity across India adversely impacted growth and the Indian economy expanded by just 3.1% in the January-March quarter and dragged the full year FY20 GDP growth to 4.2% weakest since the financial crisis hit more than a decade back. The slowdown was witnessed in almost all sectors right from manufacturing to

construction and the auto industry is no exception to it. However due to strong fundamentals, India may see a quicker recovery when this pandemic subsides.

#### 4) Capital Expenditure on tangible assets-standalone

This year, on standalone basis, we incurred a capital expenditure of INR 3,313 lakhs. This comprises:

- Building INR 555 lakhs.
- Plant and Machinery, jig & fixture etc. INR 2,096 lakhs.
- Office equipment and others INR 662 lakhs.

#### 5) Dividend

Your directors are pleased to recommend a dividend of INR 0.35 per equity share of the face value of INR 1/- each (@ 35%) out of profit for Financial Year 2019-20 resulting into distribution of sum of INR 85,568,164 towards dividend, payable to those shareholders whose name appear in the Register of Members as on the date of book closure.

During the previous Financial Year dividend was paid at the rate of 80% on the equity share capital of the Company.

No interim dividend was declared by the Board of Directors during Financial Year 2019-20.

#### 6) Reserves

(Amount in INR/Lakhs)

| Particulars                                     | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| Balance as per last financial statements        | 36,199        | 31,833        |
| Less: Transition impact of Ind AS 116           | (168)         | -             |
| Add: Profit for the year                        | 2,751         | 6,856         |
| Less: Appropriations                            |               |               |
| Dividend paid                                   | 1,956         | 1,861         |
| Tax on dividend paid                            | 350           | 522           |
| Less : OCI Transfer to Retained Earnings        | 233           | 107           |
| Net surplus in the statement of profit and loss | 36,243        | 36,199        |

#### 7) Change of nature of Business

During the year there has been no change in the nature of business of the Company.

#### 8) Share Capital

As on 31 March 2020:

- (a) the Authorized Share Capital of the Company is INR 87,10,00,000/- consisting of 87,10,00,000 nos. of Equity Shares of INR 1/- each; and
- (b) the Issued, Subscribed and Paid-up Share Capital of the Company is INR 24,44,80,469/- consisting of 24,44,80,469 nos. of Equity Shares of INR 1/- each

During the Financial Year 2019-20 the Company has not issued, changed, reclassified, converted or reduced any Equity Shares/ Convertible Securities/Warrants/Sweat Equity Shares/ Employee Stock Options.

As on 31 March 2020, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

For details of dividend and shares transferred to Investor Education and Protection Fund (IEPF), please refer Corporate Governance Report.

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

There are no significant or material 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 control 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 control systems, significant audit observations and monitors the sustainability of remedial measures.

In addition to policies, procedures, and guidelines, the internal control systems 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 systems 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

Company has one subsidiary namely JTEKT Fuji Kiko Automotive India Limited ('JFIN') (earlier known as Sona Fuji Kiko Automotive Limited).

The Company is holding 51% of the Equity Capital (i.e. 50,99,993 numbers of equity shares) in JFIN, which was established in technical and financial collaboration with FUJII 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 2020, JFIN has achieved total revenue of INR 10,075 Lakhs and earned net profit of INR 980 Lakhs.

### 13) Subsidiary Company Accounts

During the year, the Board of Directors of the Company 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](http://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.

Copy of the annual return shall be available on Company's website [www.jtekt.co.in](http://www.jtekt.co.in).

### 15) Corporate Social Responsibility

Your company considers CSR activities as an opportunity to make a long term positive impact on the society and forms this as an integral part of the philosophy and business activities of the Company. The Company undertakes CSR activities with a main focus on healthcare and rural development programs. During the FY 2019-20, the Company has endeavors to utilize allocable CSR budget for the benefit of society and has significantly increased its financial commitment for healthcare and rural development programs.

The Company directly implement these projects in local areas after detailed assessment of the requirements of the community with the objective to derive maximum benefit from these activities. As some of the projects have taken more time than expected, the Company's spend on the CSR activities has been less than the limit prescribed under Companies Act, 2013. The CSR activities undertaken by the Company are scalable in future.

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.

### 16) Number of meetings of the Board of Directors

The Board of Directors met 4 (four) times in the year ended 31 March 2020. 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 and is available on Company's website [www.jtekt.co.in](http://www.jtekt.co.in).

For details of remuneration paid to Directors, please refer Corporate Governance Report.

Neither Managing Director nor any of Whole Time / Executive Director(s) of the Company received remuneration or commission from holding or subsidiary company.

### 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, 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, was passed by the members of the Company in Thirty Fifth Annual General Meeting of the Company held on 09 August 2019

### 19) Auditors

#### (A) Statutory Auditors

Under Section 139 of the Companies Act, 2013 and the Rules made thereunder, BSR & Co. LLP, Chartered Accountants (Firm registration number 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, subject to ratification or as may be required by the Act from time to time.

#### (B) Audit Reports

- i. The Auditors' Report for financial year 2019-20 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.
- ii. The Secretarial Auditors' Report for financial year 2019-20 does not contain any qualification, reservation or adverse remark.
- iii. As required by the Listing Regulations, the Auditors' Certificate on corporate governance is enclosed to the Board's Report. The Auditors' Certificate for financial



year 2019-20 does not contain any qualification, reservation or adverse remark.

### (C) Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013, the Company had appointed Mr. Krishna Kumar Singh, proprietor of KKS and Associates, Company Secretaries in practice, as its Secretarial Auditors to conduct the secretarial audit of the Company for the FY 2019-20. The Company provided all assistance and facilities to the Secretarial Auditors for conducting their audit. The Report of Secretarial Auditors for the FY 2019-20 is annexed to this report as Annexure – III. The report does not contain any qualification.

### 20) Reporting of frauds by auditors

During the year under review, none of the auditors has reported to the Audit Committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees.

### 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.

For details pertaining to Risk Management Committee, please refer to the Corporate Governance Report.

### 22) Corporate Governance

The Company has complied with the corporate governance requirements under the Companies Act, 2013, and as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations'). A separate section on corporate governance under the Listing Regulations, along with a certificate from the Practising Company Secretary confirming the compliance, is annexed and forms part of this Annual Report.

### 23) Business Responsibility Report

Pursuant to the Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective, forms part of this Annual Report. The Company has also framed and adopted the Business Responsibility Policy and the same is available at the Company's website (web link: <http://www.jtekt.co.in/policies.html>).

### 24) Vigil/ Whistle Blower Mechanism

The Company has established a vigil/ whistle blower mechanism for Directors and employees to report their genuine concerns. For details, please refer to the Corporate Governance Report attached to this Annual Report.

### 25) Listing

The Securities of your Company are listed at National Stock Exchange of India Limited and BSE Limited and the Company has paid the Listing Fee due to them.

### 26) Deposits

During the year the Company has no deposits covered under Chapter V of the Companies Act, 2013.

### 27) 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. For details pertaining to other loan given, guarantees provided, security provided and investment made please refer to the Financial Statement for financial year 2019-20.

### 28) Directors & Key Managerial Personnel

As on 31 March 2020, your Company has ten (10) Directors consisting of five (5) Independent Directors (including two Woman Directors), three (3) Executive Directors and two (2) Non-Executive Directors.

During the Financial Year under review:

1. Mr. Hiroshi Ii was appointed as Director and Executive Chairman with effect from 15 April 2019 by Board of Directors in their meeting held on 16 March 2019 and his appointment was confirmed by shareholders in Annual General Meeting held on 9 August 2019.
2. Mr. Sudhir Chopra was elevated from the office of Director (Corporate Affairs) to Executive Vice Chairman with effect from 1 June 2019 and his appointment was confirmed by shareholders in Annual General Meeting held on 9 August 2019.
3. Lt. Gen. Praveen Bakshi (Retd.) was appointed as an Additional Director in the position of Independent Director with effect from 18 May 2019, his appointment was confirmed by the Members of the Company in the Annual General Meeting held on 9 August 2019.
4. Mr. Inder Mohan Singh was appointed as an Additional Director in the position of Independent Director with effect from 18 May 2019, his appointment was confirmed by the Members of the Company in the Annual General Meeting held on 9 August 2019.
5. Mr. Ravi Bhoothalingam, Independent Director resigned from the office with effect from 9 August 2019, upon completion of his tenure as Independent Director of the Company.
6. Mr. Sudhir Chopra resigned from the office of Company Secretary and Compliance Officer of the Company with effect from close of business hours of 17 May 2019 and Mr. Nitin Sharma was appointed as Company Secretary and Compliance officer of the Company with effect from 18 May 2019.

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:

- 1) Mrs. Geeta Mathur
- 2) Mr. Inder Mohan Singh
- 3) Lt. Gen. Praveen Bakshi (Retd.)
- 4) Mr. Hidehito Araki
- 5) Mrs. Hiroko Nose

Your Directors take this opportunity to place on record the appreciation of services rendered by Mr. Ravi Bhoothalingam, during his association as Independent Director with the Company.

Pursuant to the provisions of Section 152(6) read with the Articles of Association of the Company, Mr. Akihiko Kawano (DIN: 08160588) will retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

For further details, pertaining to Board Meetings, please refer to the Corporate Governance Report.

#### 29) 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 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.

Further, in accordance to the Board Performance Evaluation Policy, the Board carried out annual performance evaluation of Independent Directors. The Independent Directors carried out annual performance evaluation of Non Independent Directors and Board as a whole.

#### 30) Committee of Directors

For composition and other details pertaining to the Committee of Directors, please refer to the Corporate Governance Report.

#### 31) Directors' Responsibility Statement

Pursuant to clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, the directors confirm that:

- a) in the preparation of the annual accounts for the financial year 2019-20, 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 2019-20 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.

#### 32) Secretarial standards

The Company complies with all applicable secretarial standards.

#### 33) 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 – IV and forms part of this report.

#### 34) Management's discussion and analysis

In terms of the provisions of Regulation 34 of the Listing Regulations, the Management's discussion and analysis is set out in this Annual Report.

#### 35) 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 - V(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 2019-20 or part thereof, is attached herewith as Annexure - V(b) to this Report.

#### 36) Disclosures pertaining to the Sexual Harassment of women at the work place (prevention, prohibition and redressal) Act, 2013

For details pertaining to the Sexual Harassment of women at the work place (prevention, prohibition and redressal) Act, 2013, please refer Corporate Governance Report.

#### 37) Acknowledgements

Your Directors acknowledge with gratitude the co-operation and support extended by the Company'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

**Akihiko Kawano**

**Sudhir Chopra**

Place : Gurugram

Managing Director

Executive Vice Chairman

Dated : 22 June 2020

[DIN 08160588]

[DIN : 00058148]

# FORM MGT-9

Extract of Annual Return as on the financial year ended on 31 March 2020

[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   | - | 14th 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, Indra Prakash, 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 | - | KFin Technologies Private Limited<br>(formerly known as Karvy Fintech Private Limited)<br>Selenium Building, Tower B, Plot 31-32,<br>Financial District, Nanakramguda,<br>Serilingampally Hyderabad - 500032<br>Telangana.<br>Tel: 91 40 67162222, email: einward.ris@kfintech.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                             | 91%                                |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and address of the company  | CIN/GLN               | Holding/ Subsidiary/ Associate | % of shares held | Applicable section |
|---------|--|-----------------------|--------------------------------|------------------|--------------------|
| 1.      | <b>JTEKT Corporation</b><br>No. 5 - 8 , Minamisemba,<br>3-Chome, Chuo-Ku, Osaka, Japan   | Not Applicable        | Holding Company                | 69.36%           | 2(46)              |
| 2.      | <b>JTEKT Fuji Kiko Automotive India Ltd.</b><br>(Formerly known as Sona Fuji Kiko<br>Automotive Limited)<br>UGF-6, Indraprakash,<br>21, Barakhamba Road,<br>New Delhi 110 001. | U35122DL2007PLC166496 | Subsidiary Company             | 51%              | 2(87)(ii)          |

#### 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<br>(01.04.2019) |                 |                  |                   | No. of Shares held at the end of the year<br>(31.03.2020) |                |                  |                   | % Change during the year |
|-----------|--|---|-----------------|------------------|-------------------|---|----------------|------------------|-------------------|--------------------------|
|           |  | Demat   | Physical        | Total            | % of Total Shares | Demat   | Physical       | Total            | % of Total Shares |                          |
| <b>A.</b> | <b>Promoters</b>   |   |                 |                  |                   |   |                |                  |                   |                          |
|           | <b>1. Indian</b>   |   |                 |                  |                   |   |                |                  |                   |                          |
|           | a) Individual/HUF  | 0   | 0               | 0                | 0.00              | 0   | 0              | 0                | 0.00              | 0.00                     |
|           | b) Central Govt  | 0   | 0               | 0                | 0.00              | 0   | 0              | 0                | 0.00              | 0.00                     |
|           | c) State Govt(s)   | 0   | 0               | 0                | 0.00              | 0   | 0              | 0                | 0.00              | 0.00                     |
|           | d) Bodies Corp.  | 13800000  | 0               | 13800000         | 5.64              | 13800000  | 0              | 13800000         | 5.64              | 0.00                     |
|           | e) Banks / FI  | 0   | 0               | 0                | 0.00              | 0   | 0              | 0                | 0.00              | 0.00                     |
|           | f) Any Other   | 0   | 0               | 0                | 0.00              | 0   | 0              | 0                | 0.00              | 0.00                     |
|           | <b>Sub-total (A) (1)</b>   | <b>13800000</b>   | <b>0</b>        | <b>13800000</b>  | <b>5.64</b>       | <b>13800000</b>   | <b>0</b>       | <b>13800000</b>  | <b>5.64</b>       | <b>0.00</b>              |
|           | <b>2. Foreign</b>  |   |                 |                  |                   |   |                |                  |                   |                          |
|           | a) NRIs-Individuals  | 0   | 0               | 0                | 0.00              | 0   | 0              | 0                | 0.00              | 0.00                     |
|           | b) Other-Individuals   | 0   | 0               | 0                | 0.00              | 0   | 0              | 0                | 0.00              | 0.00                     |
|           | c) Bodies Corp.  | 123821374   | 45738623        | 169559997        | 69.36             | 169559997   | 0              | 169559997        | 69.36             | 0.00                     |
|           | d) Banks / FI  | 0   | 0               | 0                | 0.00              | 0   | 0              | 0                | 0.00              | 0.00                     |
|           | e) Any Other   | 0   | 0               | 0                | 0.00              | 0   | 0              | 0                | 0.00              | 0.00                     |
|           | <b>Sub-total (A) (2)</b>   | <b>123821374</b>  | <b>45738623</b> | <b>169559997</b> | <b>69.36</b>      | <b>169559997</b>  | <b>0</b>       | <b>169559997</b> | <b>69.36</b>      | <b>0.00</b>              |
|           | <b>Total shareholding of Promoter &amp; Promoter Group [(A) = (A)(1)+(A)(2)]</b> | <b>137621374</b>  | <b>45738623</b> | <b>183359997</b> | <b>75.00</b>      | <b>183359997</b>  | <b>0</b>       | <b>183359997</b> | <b>75.00</b>      | <b>0.00</b>              |
| <b>B.</b> | <b>Public Shareholding</b>   |   |                 |                  |                   |   |                |                  |                   |                          |
|           | <b>1. Institutions</b>   |   |                 |                  |                   |   |                |                  |                   |                          |
|           | a) Mutual Funds  | 5902000   | 0               | 5902000          | 2.41              | 6920066   | 0              | 6920066          | 2.83              | 0.42                     |
|           | b) Banks / FI  | 276653  | 15              | 276668           | 0.11              | 90121   | 0              | 90121            | 0.04              | (0.07)                   |
|           | c) Central Govt  | 0   | 0               | 0                | 0.00              | 0   | 0              | 0                | 0.00              | 0.00                     |
|           | d) State Govt(s)   | 0   | 0               | 0                | 0.00              | 0   | 0              | 0                | 0.00              | 0.00                     |
|           | e) Venture Capital Funds   | 0   | 0               | 0                | 0.00              | 0   | 0              | 0                | 0.00              | 0.00                     |
|           | f) Insurance Companies   | 1200000   | 0               | 1200000          | 0.49              | 1200000   | 0              | 1200000          | 0.49              | 0.00                     |
|           | g) FIs   | 0   | 0               | 0                | 0.00              | 0   | 0              | 0                | 0.00              | 0.00                     |
|           | h) Foreign Venture Capital Investors   | 0   | 0               | 0                | 0.00              | 0   | 0              | 0                | 0.00              | 0.00                     |
|           | i) Others (Foreign Portfolio Investors)  | 3902031   | 0               | 3902031          | 1.60              | 4788182   | 0              | 4788182          | 1.96              | 0.36                     |
|           | j) Others (Alternate Investment Funds)   | 1728678   | 0               | 1728678          | 0.71              | 2010734   | 0              | 2010734          | 0.82              | 0.11                     |
|           | <b>Sub-total (B)(1)</b>  | <b>13009362</b>   | <b>15</b>       | <b>13009377</b>  | <b>5.32</b>       | <b>15009103</b>   | <b>0</b>       | <b>15009103</b>  | <b>6.14</b>       | <b>0.82</b>              |
|           | <b>2. Non-Institutions</b>   |   |                 |                  |                   |   |                |                  |                   |                          |
|           | <b>a) Bodies Corp.</b>   |   |                 |                  |                   |   |                |                  |                   |                          |
|           | i) Indian  | 5782392   | 150620          | 5933012          | 2.43              | 2441340   | 146620         | 2587960          | 1.06              | (1.37)                   |
|           | ii) Overseas   | 0   | 0               | 0                | 0.00              | 0   | 0              | 0                | 0.00              | 0.00                     |
|           | <b>b) Individuals</b>  |   |                 |                  |                   |   |                |                  |                   |                          |
|           | i) holding shares upto INR 2 lakh  | 30258358  | 1144334         | 31402692         | 12.84             | 29033621  | 926614         | 29960235         | 12.25             | (0.59)                   |
|           | ii) holding shares above INR 2 lakh  | 5852709   | 0               | 5852709          | 2.39              | 5713888   | 0              | 5713888          | 2.34              | (0.05)                   |
|           | c) Others  | 4848182   | 74500           | 4922682          | 2.02              | 7790086   | 59200          | 7849286          | 3.21              | 1.19                     |
|           | <b>Sub-total (B)(2)</b>  | <b>46741641</b>   | <b>1369454</b>  | <b>48111095</b>  | <b>19.68</b>      | <b>44978935</b>   | <b>1132434</b> | <b>46111369</b>  | <b>18.86</b>      | <b>(0.82)</b>            |
|           | <b>Total Public Shareholding [(B)=(B)(1)+(B)(2)]</b>                             | <b>59751003</b>   | <b>1369469</b>  | <b>61120472</b>  | <b>25.00</b>      | <b>59988038</b>   | <b>1132434</b> | <b>61120472</b>  | <b>25.00</b>      | <b>0.00</b>              |
| <b>C.</b> | <b>Shares held by Custodian for GDRs &amp; ADRs</b>                              | <b>0</b>  | <b>0</b>        | <b>0</b>         | <b>0.00</b>       | <b>0</b>  | <b>0</b>       | <b>0</b>         | <b>0.00</b>       | <b>0.00</b>              |
|           | <b>Grand Total (A+B+C)</b>   | <b>197372377</b>  | <b>47108092</b> | <b>244480469</b> | <b>100.00</b>     | <b>243348035</b>  | <b>1132434</b> | <b>244480469</b> | <b>100.00</b>     | <b>0.00</b>              |

##### Notes :

1) Percentage in bracket represents negative percentage.

## 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           | 169559997                                 | 69.36                            | 0.00   | 169559997                           | 69.36                            | 0.00   | 0.00                                     |
| 2       | Maruti Suzuki India Limited | 13800000                                  | 5.64                             | 0.00   | 13800000                            | 5.64                             | 0.00   | 0.00                                     |
|         | <b>Total</b>                | <b>183359997</b>                          | <b>75.00</b>                     | <b>0.00</b>                                    | <b>183359997</b>                    | <b>75.00</b>                     | <b>0.00</b>                                    | <b>0.00</b>                              |

## iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sl. No. | Shareholder's Name                   | 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.      | <b>JTEKT Corporation</b>             |   |                                  |   |                                  |
|         | At the beginning of the year         | 169559997                                 | 69.36                            | 169559997                               | 69.36                            |
|         | Disposed off during the year         | 0   | 0                                | 0                                       | 0                                |
|         | Purchased / allotted during the year | 0   | 0                                | 0                                       | 0                                |
|         | At the end of the year               | 169559997                                 | 69.36                            | 169559997                               | 69.36                            |
| 2.      | <b>Maruti Suzuki India Limited</b>   |   |                                  |   |                                  |
|         | At the beginning of the year         | 13800000                                  | 5.64                             | 13800000                                | 5.64                             |
|         | 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                                | 5.64                             |

## 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 01.04.2019 |                                  | 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 Fund | 5750000  | 2.35                             | 01/04/2019  |                                      |                                | 5750000                                 | 2.35                             |
|         |   |  |                                  | 20/03/2020  | 5000                                 | Transfer                       | 5755000                                 | 2.35                             |
|         |   |  |                                  | 31/03/2020  |                                      |                                | 5755000                                 | 2.35                             |
| 2.      | Mukul Agrawal   | 2205000  | 0.90                             | 01/04/2019  |                                      |                                | 2205000                                 | 0.90                             |
|         |   |  |                                  | 31/05/2019  | 71657                                | Transfer                       | 2276657                                 | 0.93                             |
|         |   |  |                                  | 09/08/2019  | 23343                                | Transfer                       | 2300000                                 | 0.94                             |
|         |   |  |                                  | 16/08/2019  | 30000                                | Transfer                       | 2330000                                 | 0.95                             |
|         |   |  |                                  | 23/08/2019  | 20000                                | Transfer                       | 2350000                                 | 0.96                             |
|         |   |  |                                  | 30/08/2019  | 50000                                | Transfer                       | 2400000                                 | 0.98                             |
|         |   |  |                                  | 31/12/2019  | 36758                                | Transfer                       | 2436758                                 | 1.00                             |
|         |   |  |                                  | 03/01/2020  | 7647                                 | Transfer                       | 2444405                                 | 1.00                             |
|         |   |  |                                  | 31/03/2020  |                                      |                                | 2444405                                 | 1.00                             |
| 3.      | Vanaja Sundar Iyer  | 2005523  | 0.82                             | 01/04/2019  |                                      |                                | 2005523                                 | 0.82                             |
|         |   |  |                                  | 05/04/2019  | 59747                                | Transfer                       | 2065270                                 | 0.84                             |
|         |   |  |                                  | 31/03/2020  |                                      |                                | 2065270                                 | 0.84                             |
| 4.      | AL Mehwar Commercial Investments LLC – (Whiting)                | 1347070  | 0.55                             | 01/04/2019  |                                      |                                | 1347070                                 | 0.55                             |
|         |   |  |                                  | 31/03/2020  |                                      |                                | 1347070                                 | 0.55                             |
| 5.      | India Acorn Fund Limited  | 1250000  | 0.51                             | 01/04/2019  |                                      |                                | 1250000                                 | 0.51                             |
|         |   |  |                                  | 31/03/2020  |                                      |                                | 1250000                                 | 0.51                             |
| 6.      | General Insurance Corporation of India                          | 1200000  | 0.49                             | 01/04/2019  |                                      |                                | 1200000                                 | 0.49                             |
|         |   |  |                                  | 31/03/2020  |                                      |                                | 1200000                                 | 0.49                             |
| 7.      | White Oak India Equity Fund                                     | 1255000  | 0.51                             | 01/04/2019  |                                      |                                | 1255000                                 | 0.51                             |
|         |   |  |                                  | 30/08/2019  | -152000                              | Transfer                       | 1103000                                 | 0.45                             |
|         |   |  |                                  | 31/03/2020  |                                      |                                | 1103000                                 | 0.45                             |
| 8.      | ITI Multi Cap Fund  | 0  | 0.00                             | 01/04/2019  |                                      |                                | 0                                       | 0.00                             |
|         |   |  |                                  | 31/01/2020  | 120318                               | Transfer                       | 120318                                  | 0.05                             |
|         |   |  |                                  | 14/02/2020  | 166529                               | Transfer                       | 286847                                  | 0.12                             |
|         |   |  |                                  | 21/02/2020  | 40894                                | Transfer                       | 327741                                  | 0.13                             |
|         |   |  |                                  | 28/02/2020  | 25036                                | Transfer                       | 352777                                  | 0.14                             |
|         |   |  |                                  | 06/03/2020  | 151662                               | Transfer                       | 504439                                  | 0.21                             |

| Sl. No. | Name of the shareholders                 | Shareholding at the beginning of the Year as on 01.04.2019 |                                  | 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 |
|         |  |  |                                  | 13/03/2020  | 4926                                 | Transfer                       | 509365                                  | 0.21                             |
|         |  |  |                                  | 20/03/2020  | 250000                               | Transfer                       | 759365                                  | 0.31                             |
|         |  |  |                                  | 27/03/2020  | 145468                               | Transfer                       | 904833                                  | 0.37                             |
|         |  |  |                                  | 31/03/2020  | 38000                                | Transfer                       | 942833                                  | 0.39                             |
|         |  |  |                                  | 31/03/2020  |                                      |                                | 942833                                  | 0.39                             |
| 9.      | White Oak India Equity Fund II           | 123678   | 0.05                             | 01/04/2019  |                                      |                                | 123678                                  | 0.05                             |
|         |  |  |                                  | 05/04/2019  | 29000                                | Transfer                       | 152678                                  | 0.06                             |
|         |  |  |                                  | 12/04/2019  | 38000                                | Transfer                       | 190678                                  | 0.08                             |
|         |  |  |                                  | 19/04/2019  | 63089                                | Transfer                       | 253767                                  | 0.10                             |
|         |  |  |                                  | 30/08/2019  | 232000                               | Transfer                       | 485767                                  | 0.20                             |
|         |  |  |                                  | 31/03/2020  |                                      |                                | 485767                                  | 0.20                             |
| 10.     | Ashoka India Equity Investment Trust PLC | 516059   | 0.21                             | 01/04/2019  |                                      |                                | 516059                                  | 0.21                             |
|         |  |  |                                  | 24/05/2019  | 39600                                | Transfer                       | 555659                                  | 0.23                             |
|         |  |  |                                  | 31/05/2019  | 39600                                | Transfer                       | 555659                                  | 0.23                             |
|         |  |  |                                  | 30/08/2019  | -80000                               | Transfer                       | 475659                                  | 0.19                             |
|         |  |  |                                  | 31/03/2020  |                                      |                                | 475659                                  | 0.19                             |

#### Notes

- The above information is based on the weekly beneficiary position received from depositories.
- The shareholding has been consolidated on permanent account number of the shareholder.

#### v) Shareholding of Directors and Key Managerial Personnel

| Sl. No.          | Shareholding of Directors and Key Managerial Personnel | Shareholding at the beginning of the year as on 01.04.2019 |                                  | Change in shareholding during the year |                                  | Shareholding at the end of the year as on 31.03.2020 |                                  |
|------------------|--|--|----------------------------------|--|----------------------------------|--|----------------------------------|
|                  |  | 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 |
| <b>Directors</b> |  |  |                                  |  |                                  |  |                                  |
| 1.               | Mr. Sudhir Chopra, Executive Vice Chairman             | 1506   | 0.00%                            | 0                                      | 0.00%                            | 1,506  | 0.00%                            |
| 2.               | Mr. Akihiko Kawano, Managing Director                  | 2  | 0.00%                            | 0                                      | 0.00%                            | 2  | 0.00%                            |
| <b>KMPs</b>      |  |  |                                  |  |                                  |  |                                  |
| 1.               | Mr. Rajiv Chanana, Chief Financial Officer             | 3,000  | 0.00%                            | 0                                      | 0.00%                            | 3,000  | 0.00%                            |
| 2.               | Mr. Nitin Sharma, Company Secretary <sup>Ⓐ</sup>       | N.A.   | N.A.                             | N.A.                                   | N.A.                             | 200  | 0.00%                            |

<sup>Ⓐ</sup> Mr. Nitin Sharma was appointed as Company Secretary and Key Managerial Person of the Company w.e.f. 18 May 2019.

#### 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 |
|--|---------------------------------|-----------------|-------------|--------------------|
| <b>Indebtedness at the beginning of the Financial Year</b> |                                 |                 |             |                    |
| i) Principle Amount  | 17905.84                        | 1283.38         | 0.00        | 19189.22           |
| ii) Interest due but not paid                              | 0.00                            | 0.00            | 0.00        | 0.00               |
| iii) Interest accrued but not due                          | 23.09                           | 0.00            | 0.00        | 23.09              |
| <b>Total (i+ii+iii)</b>                                    | <b>17928.93</b>                 | <b>1283.38</b>  | <b>0.00</b> | <b>19212.31</b>    |
| <b>Change in Indebtedness during the Financial Year</b>    |                                 |                 |             |                    |
| • Addition   | 0.00                            | 0.00            | 0.00        | 0.00               |
| • Reduction  | -10509.33                       | -1283.38        | 0.00        | -11792.71          |
| <b>Net Change</b>  | <b>-10509.33</b>                | <b>-1283.38</b> | <b>0.00</b> | <b>-11792.71</b>   |
| <b>Indebtedness at the end of the Financial Year</b>       |                                 |                 |             |                    |
| i) Principle Amount  | 7396.51                         | 0.00            | 0.00        | 7396.51            |
| ii) Interest due but not paid                              | 0.00                            | 0.00            | 0.00        | 0.00               |
| iii) Interest accrued but not due                          | 20.56                           | 0.00            | 0.00        | 20.56              |
| <b>Total (i+ii+iii)</b>                                    | <b>7417.07</b>                  | <b>0.00</b>     | <b>0.00</b> | <b>7417.07</b>     |

## 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. Hiroshi li Chairman | Mr. Sudhir Chopra Executive Vice Chairman | Mr. Akihiko Kawano Managing Director | Total Amount  |
| 1.      | Gross Salary   |                         |   |                                      |               |
|         | a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 114.70*                 | 124.19                                    | 49.05                                | 287.94        |
|         | b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961                      | 20.62*                  | 8.35                                      | 19.14                                | 48.11         |
|         | 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   | -                       | 75.00                                     | -                                    | 75.00         |
|         | • Others, specify  | -                       | -   | -                                    | -             |
| 5.      | Others, please specify   | -                       | -   | -                                    | -             |
|         | <b>Total (A)</b>   | <b>135.32*</b>          | <b>207.54</b>                             | <b>68.19</b>                         | <b>411.05</b> |

\* 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.      | <b>Independent Directors</b>                 | <b>Mrs. Geeta Mathur</b>     | <b>Mr. Inder Mohan Singh</b> | <b>Lt.Gen. Praveen Bakshi (Retd.)</b> | <b>Mr. Hidehito Araki</b> | <b>Mrs. Hiroko Nose</b> | <b>Mr. Ravi Bhoothalingam</b> |               |
|         | Fee for attending Board / Committee Meetings | 5.00                         | 3.00                         | 3.00                                  | 3.00                      | 1.50                    | 2.50                          | 18.00         |
|         | Commission                                   | 13.10                        | 8.30                         | 7.80                                  | 4.20                      | 3.10                    | -                             | 36.50         |
|         | Others, please specify                       | -                            | -                            | -                                     | -                         | -                       | -                             | -             |
|         | <b>Total (1)</b>                             | <b>18.10</b>                 | <b>11.30</b>                 | <b>10.80</b>                          | <b>7.20</b>               | <b>4.60</b>             | <b>2.50</b>                   | <b>54.50</b>  |
| 2.      | <b>Other Non Executive Directors</b>         | <b>Mr. Hirofumi Matsuoka</b> | <b>Mr. Toshiya Miki</b>      |                                       |                           |                         |                               |               |
|         | Fee for attending Board / Committee Meetings | 0.50                         | 1.50                         |                                       |                           |                         |                               | 2.00          |
|         | Commission                                   | -                            | -                            |                                       |                           |                         |                               | -             |
|         | Others, please specify                       | -                            | -                            |                                       |                           |                         |                               | -             |
|         | <b>Total (2)</b>                             | <b>0.50</b>                  | <b>1.50</b>                  |                                       |                           |                         |                               | <b>2.00</b>   |
|         | <b>Total (B) = (1+2)</b>                     |                              |                              |                                       |                           |                         |                               | <b>56.50</b>  |
|         | <b>Total Managerial Remuneration (A+B)</b>   |                              |                              |                                       |                           |                         |                               | <b>467.55</b> |
|         | 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 | Company Secretary | Total Amount |               |
| 1.      | Gross Salary   |                         |                   |              |               |
|         | a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 87.40                   | 29.12             |              | 116.52        |
|         | b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961                      | 2.44                    | 0.05              |              | 2.49          |
|         | 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   | -                       | -                 |              | -             |
|         | <b>Total (A)</b>   | <b>89.84</b>            | <b>29.17</b>      |              | <b>119.01</b> |

## viii) Penalties / Punishment / Compounding of Offences : NONE

## 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) Lt. Gen. Praveen Bakshi (Retd.), 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 (Amount in Lakhs)  | INR 9381.34 Lakhs   |
| 4. | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) [Amount in Lakhs]  | INR 187.63 Lakhs  |
| 5. | Details of CSR spent during the financial year  |   |
| a) | Total amount to be spent for the financial year   | INR 187.63 Lakhs  |
| b) | Amount unspent, if any.   | INR 93.07 Lakhs   |
| c) | 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:<br>(1) Local area or other<br>(2) Specify the State and district where projects or programs were undertaken. | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub-heads:<br>(1) Direct expenditure on projects or programs<br>(2) Overheads | Cumulative Expenditure up to the reporting period | Amount Direct or through implementing agency |
|------------------------|---|---|--|---|--|---|--|
|                        |   |   |  | (INR / Lakhs)                                   | (INR / Lakhs)  | (INR / Lakhs)                                     |  |
| 1.                     | Contribution to Navchetna Trust for providing hygienic food to people at civil hospital | Eradicating of hunger, poverty and malnutrition | Faridabad  | 10.00   | 10.00  | 10.00   | Direct                                       |
| 2.                     | Construction of Bus Stop / Shed   | Rural development                               | Malpura Village, Haryana   | 7.31  | 7.31   | 7.31  | Direct                                       |
| 3.                     | Services of Computer Teacher  | Education                                       | Banipur Village, Haryana   | 2.81  | 2.81   | 2.81  | Direct                                       |
| 4.                     | Water Cooler & RO   | Safe drinking water                             | Malpura Village, Haryana   | 1.48  | 1.48   | 1.48  | Direct                                       |
| 5.                     | Annual Maintenance of RO  | Safe drinking water                             | Banipur Village, Haryana   | 0.24  | 0,24   | 0.24  | Direct                                       |
| 6.                     | Community park development  | Rural development                               | Malpura Village, Haryana   | 13.71   | 13.71  | 13.71   | Direct                                       |
| 7.                     | Contribution to Bharat Vikas Parishad for Eye centre                                    | Promoting healthcare                            | Gurgaon  | 55.00   | 55.00  | 55.00   | Direct                                       |
| 8.                     | Assistance in identification of CSR Activities  | Administrative overheads                        | Haryana  | 4.00  | 4.00   | 4.00  | Direct                                       |
| <b>Total CSR Spent</b> |   |   |  | <b>94.56</b>                                    | <b>94.56</b>   | <b>94.56</b>                                      |  |

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 CSR Committee and include healthcare and rural development programs. During the FY 2019-20, the Company has further extended these activities and has significantly increased its financial commitment for these projects. The Company has always focussed to directly implement these projects in local areas after detailed assessment of the requirements of the community with the objective to derive maximum benefit from these activities. Since certain projects have taken more time than expected, the Company's spend on the CSR activities has been less than the limit prescribed under Companies Act, 2013. The CSR activities undertaken by the Company are scalable in future and moving forward the Company will endeavour to spend the complete amount on CSR activities in accordance with the statutory requirement.

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies Rules (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.

**Lt. Gen. Praveen Bakshi (Retd.)**

**Akihiko Kawano**

Place : Gurugram  
Dated : 22 June 2020

Independent Director [Chairman-CSR Committee]  
DIN - 8261443

Managing Director [Member-CSR Committee]  
DIN - 8160588



# SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2020

[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 read with Regulation 24A of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirement, Regulations, 2015)]

To,  
The Members,  
**JTEKT India Limited,**  
(Formerly known as Sona Koyo Steering Systems Limited)  
UGF-6, Indraprakash Building,  
21, Barakhamba Road, New Delhi-110001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by JTEKT India Limited (Formerly known as Sona Koyo Steering Systems Limited) (CIN: L29113DL1984PLC018415) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company'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 and the explanations and clarifications given to us and the representations made by the Management and also considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the lockdown imposed in the country to contain the spread of the COVID-19 pandemic, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31 March 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by JTEKT India Limited for the financial year ended on 31st March, 2020, according to the provisions of :

- (i) The Companies Act, 2013 read with the applicable provisions of Companies (Amendment) Act, 2017 (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 there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period);
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period); and
- (i) Securities and Exchange Board of India (Depositories and Participant) Regulation, 2018;
- (vi) Other laws applicable specifically to the Company namely:-
  - a) The Indian Copyright Act, 1957;
  - b) The Patents Act, 1970;
  - c) The Trade Marks Act, 1999;
  - d) The Competition Act, 2002;
  - e) The Industries (Development and Regulation) Act, 1951 and rules/ regulations framed there under;
  - f) Goods and Service Tax Act;
  - g) The Water (Prevention and Control of Pollution) Act, 1974 and rules/ regulations framed there under;
  - h) The Contract Labour (Regulation & Abolition) Act, 1970;
  - i) The Minimum Wages Act, 1948;
  - j) The Payment of Gratuity Act, 1972;
  - k) The Industrial Employment Standing Orders Act, 1946;
  - l) The Equal Remuneration Act, 1976;
  - m) The Maternity Benefit Act, 1961;
  - n) Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013;

- o) State (Shop & Establishment) Act;
- p) Industrial Dispute Act, 1947;
- q) National & Festival Holidays Act, 1963;
- r) The Payment of Bonus Act, 1965;
- s) The Payment of Wages Act, 1936;
- t) The Employees' Compensation Act, 1923;
- u) The Employees State Insurance Act, 1948;
- v) The Employees' Provident Fund & Miscellaneous Provisions Act, 1952;
- w) The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
- x) The Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 2008;
- y) The State Labour Welfare fund Act;
- z) The Factories Act, 1948;
- aa) The Environment Protection Act, 1986 and rules/ regulation framed thereunder;
- bb) The local land policies and guidelines of State Industrial and Infrastructure Corporation Limited.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**I further report that:**

the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director(s). The changes (appointment or otherwise) 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 is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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

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

I further report that during the audit period there were no specific events/actions having a major bearing on the Company's affairs.

**For KKS & Associates**  
Company Secretaries

**Krishna Kumar Singh**  
(Proprietor)

Membership No: 8493

CP No. : 9760

UDIN: F008493B000362495

Place: New Delhi

Date : 22 June 2020

## ANNEXURE – IV

## FORM – A : PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

| Power and Fuel Consumption |   | 2019-2020             |                        |                      |                     |                           |                          |                    |
|----------------------------|---|-----------------------|------------------------|----------------------|---------------------|---------------------------|--------------------------|--------------------|
|                            |   | Gurugram <sup>®</sup> | Dharuhera <sup>®</sup> | Chennai <sup>®</sup> | Sanand <sup>®</sup> | Dharuhera- 2 <sup>®</sup> | Dharuhera-3 <sup>®</sup> | Bawal <sup>®</sup> |
| State Electricity Board    |   |                       |                        |                      |                     |                           |                          |                    |
| 1                          | Power Units purchased (KWH) (Units)     | 4931037               | 2956260                | 2558108              | 475040              | 2655260                   | 4197475                  | 2344023            |
|                            | Total Amount                            | INR 41333454          | 23252982               | 22094700             | 3905091             | 21264377                  | 34205224                 | 18597120           |
|                            | Rate per unit                           | INR 8.38              | 7.87                   | 8.64                 | 8.22                | 8.01                      | 8.15                     | 7.93               |
| 2                          | Captive Generation DG Set (KWH) (Units) | 98201                 | 109326                 | 163596               | -                   | 82864                     | 167537                   | 58028              |
|                            | Amount                                  | INR 1692953           | 2425370                | 3787541              | -                   | 2288240                   | 2968752                  | 1557512            |
|                            | Rate per unit                           | INR 17.24             | 22.18                  | 23.10                | -                   | 28.00                     | 17.72                    | 26.84              |
|                            | Fixed Cost                              | INR 4920000           | 3576000                | -                    | -                   | 2592000                   | 2592000                  | -                  |
| 3                          | Diesel consumption (Litres) (Litres)    | 26948                 | 38458                  | 54651                | -                   | 34892                     | 47508                    | 23555              |
|                            | Total Amount                            | INR 1692953           | 2382745                | 3701741              | -                   | 2210806                   | 2968752                  | 1441000            |
|                            | Rate per litre                          | INR 62.80             | 61.96                  | 67.73                | -                   | 63.36                     | 62.49                    | 62.99              |
|                            | Litre per unit                          | INR 0.28              | 0.35                   | 0.33                 | -                   | 0.42                      | 0.28                     | 0.41               |
| 4                          | Solar Power (Units) (Units)             | 227338                | 449686                 | 149836               | -                   | 284213                    | 381183                   | 512521             |
|                            | Total Amount                            | INR 1490426           | 2928414                | 958350               | -                   | 1893602                   | 2589347                  | 1178798            |
|                            | Rate per unit                           | INR 6.55              | 6.52                   | 6.40                 | -                   | 6.66                      | 6.79                     | 2.30*              |

| Power and Fuel Consumption |   | 2018-2019             |                        |                      |                     |                           |                          |                    |                            |
|----------------------------|---|-----------------------|------------------------|----------------------|---------------------|---------------------------|--------------------------|--------------------|----------------------------|
|                            |   | Gurugram <sup>®</sup> | Dharuhera <sup>®</sup> | Chennai <sup>®</sup> | Sanand <sup>®</sup> | Dharuhera- 2 <sup>®</sup> | Dharuhera-3 <sup>®</sup> | Bawal <sup>®</sup> | Stamping Unit <sup>®</sup> |
| State Electricity Board    |   |                       |                        |                      |                     |                           |                          |                    |                            |
| 1                          | Power Units purchased (KWH) (Units)     | 6365688               | 3817805                | 2535590              | 663200              | 2742860                   | 4698912                  | 2373910            | 370738                     |
|                            | Total Amount                            | INR 53666759          | 31079418               | 21622903             | 4946863             | 22136362                  | 37796425                 | 20310242           | 3281963                    |
|                            | Rate per unit                           | INR 8.43              | 8.14                   | 8.53                 | 7.46                | 8.07                      | 8.04                     | 8.55               | 8.85                       |
| 2                          | Captive Generation DG Set (KWH) (Units) | 340804                | 515573                 | 149031               | -                   | 296740                    | 517285                   | 43948              | 6739                       |
|                            | Amount                                  | INR 6359109           | 10513864               | 3317594              | -                   | 5491538                   | 9261501                  | 1387695            | 162882                     |
|                            | Rate per unit                           | INR 18.66             | 20.39                  | 22.27                | -                   | 18.50                     | 17.90                    | 31.57              | 24.17                      |
|                            | Fixed Cost                              | INR 4992904           | 3732000                | 117624               | -                   | 2712000                   | 2412000                  | 0                  | 88000                      |
| 3                          | Diesel consumption (Litres) (Litres)    | 94401                 | 160946                 | 48325                | -                   | 83516                     | 148560                   | 20755              | 2464                       |
|                            | Total Amount                            | INR 6359109           | 10435498               | 3317594              | -                   | 5508462                   | 9261501                  | 1337175            | 162882                     |
|                            | Rate per litre                          | INR 67.36             | 64.84                  | 68.66                | -                   | 65.96                     | 62.34                    | 64.42              | 66.10                      |
|                            | Litre per unit                          | INR 0.28              | 0.32                   | 0.33                 | -                   | 0.28                      | 0.29                     | 0.47               | 0.36                       |
| 4                          | Solar Power (Units) (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*              | -                          |

\* In Bawal unit the Solar power plant is owned by the company hence the per unit cost is low.

① **Total saving achieved at Gurugram Plant during financial year 2019-20 – INR 0.086 million.**

Above saving achieved by taking the following initiatives:

- 1) Provided Energy efficient motor in FDV area (saving of INR 0.024 Mn).
- 2) Provided VFD (Variable Frequency Drive) on FDV (saving of INR 0.05 Mn).
- 3) Provided digital timer on tube light in FGS area (saving of INR 0.012 Mn).

② **Total saving achieved at Dharuhera Plant (1) during financial year 2019- 20 – INR 1.29 million.**

Above saving achieved by taking the following initiatives:

- 1) Installed VFD for FDV Blower motor 7 nos (saving of INR 0.728 Mn).
- 2) Reduce Compressor Air pressure setting (saving of INR 0.486 Mn).
- 3) Installed motion sensor for light & fan in office area (saving of INR 0.008 Mn).
- 4) Reduce air pressure at air guns, eliminate air leakage (saving of INR 0.04 Mn).

- 5) Installations of timers, independent switches for Lights & Fans (saving of INR 0.02 Mn).
- 6) Replace FDV water pump to Energy efficient pumps (saving of INR 0.01 Mn).

③ **Total saving achieved at Chennai Plant during financial year 2019-20 – INR 0.260 million**

Above saving achieved by taking the following initiatives:

- 1) Switch off the unwanted running of motor during cycle time by changing the PLC programme sequence (saving of INR 0.040 Mn).
- 2) Providing VFD for Broaching machine - 9000 units saved (saving of INR 0.108 Mn).
- 3) Conversion of CFL lamps to LED High bay Lamp in Stores & utility Area - (saving of INR 0.030 Mn).
- 4) In STP area sludge circulation Motor pump running hours reduced from 24 hrs to 4 hrs a day by Herbal solution (saving of INR 0.082 Mn).

④ **Total Saving achieved in Sanand Unit during the financial year 2019-20 – INR 0.32 million.**

Above saving achieved by taking the following initiatives:

- 1) For all the Air Conditioners in the Unit the Temperature is set at 26 degrees. The running of Air Conditioners have been rationalised at start and end of shifts. This has led to a saving of 3656 units (saving of INR 0.03 Mn).
- 2) The FDV's were switched off automatically during the lunch time leading to a saving of 4750 units (saving of INR 0.04 Mn).
- 3) Considerable Changes to the line lay out has been done. This changes have made it possible to run the plant with 2 FDV's instead of 3. This has led to a saving of 29250 units (saving of INR 0.23 Mn).
- 4) The Street Light which were 250 Watt Sodium Vapour Lamp were replaced with 72 Watt LED. This has led to a saving of 2625 units (saving of INR 0.02 Mn).

⑤ **Total saving achieved at Dharuhera Plant (2) during financial year 2019-20 – INR 0.93 Million**

Above saving achieved by taking the following initiatives:

- 1) Implementation of VFD on FDV blower motor (10 No's VFD) (saving of INR 0.93 Mn).
- 2) Temperature controller to be installed on cooling tower fan motor (saving of INR 0.004 Mn).

⑥ **Total saving achieved at Dharuhera Plant (3) during financial year 2019-20 – INR 0.57 million.**

Above saving achieved by taking the following initiatives:

- 1) Automation to run FDV run in sequence in machining plant (saving of INR 0.399 Mn).
- 2) Reduce running of one pump by modification in tank design of both surface grinder coolant tank (saving of INR 0.04 Mn).
- 3) Replacement of PDC plant Mercury lamp of 400 watts to LED light of 150 watt (saving of INR 0.110 Mn).
- 4) Eliminate rotary motor on washing machines by KARAKURI (saving of INR 0.023 Mn).

⑦ **Total saving achieved at Bawal Unit during financial year 2019-20 – INR 0.277 million**

Above saving achieved by taking the following initiatives:

- 1) Removal of Stabilizers from Machines. Electricity Unit saved -12801 (saving of INR 0.096 Mn).
- 2) Usage of PIR Sensor False Ceiling Lights. Electricity Unit saved -247 (saving of INR 0.001 Mn).
- 3) Switch Off unwanted lights near F.G area Receiving. Electricity Unit saved -3193 (saving of INR 0.024 Mn).
- 4) Switch Off unwanted lights of Front Office. Electricity Unit saved -798 (saving of INR 0.006 Mn).
- 5) Canteen AHU & Heat Extractor off during non-working hrs. Electricity Unit saved - 5465 (saving of INR 0.041 Mn).
- 6) Change Room light timing reduce & replace by less watt light. Electricity Unit saved -1692 (saving of INR 0.013Mn).
- 7) Production shop PC area lights are make in groups & control by bed switch. Electricity Unit saved -2091 (saving of INR 0.015 Mn).
- 8) Compressor 1 & 3 runs without duct motors in winter. Electricity Unit Saved -8415 (saving of INR 0.063 Mn).
- 9) 150W lights are replace by 50W. Electricity Unit Saved - 2160 (saving of INR 0.017 Mn).

## FORM - B : PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

### A. Technology Absorption

|  |   |
|--|---|
| 1. Efforts in brief towards Technology Absorption and Innovation   | <p>a) Development of Rack &amp; 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 - Completed and Implemented.</p> <p>b) Development of Collapsible extension shaft on Pinion for R&amp;P HPS Gear - In process.</p> <p>c) Design and Development of High Strength R&amp;P MS Gear by strengthening of Rack bar with Heat treatment process keeping same diameter from current level - Completed and Implemented.</p> <p>d) Development of extended length tilt column with 3 Universal Joint System for utility vehicle -Completed and Implemented.</p> <p>e) Development of Low load guided column for Utility vehicle - Completed and Implemented.</p> <p>f) Developing sliding sleeve for resin type of design for commercial EPS application-In process.</p> <p>g) Developing multiplate friction mechanism for Manual Steering Column for increasing the Tilt Retention - In process.</p> <p>h) Developing of low cost low noise Manual steering gear - In process.</p> |
| 2. Benefits derived as a results of above efforts e.g. Product Improvement, Cost Reduction, Product Development, Import Substitution etc.  | <p>a) Development of Rack &amp; Pinion Steering gear with additional feature for High end vehicle by eliminating Stopper hitting noise will provide extra comfort to driver.</p> <p>b) Development of collapsible extension shaft for pinion is aimed to improve ENCAP requirement at Vehicle level.</p> <p>c) Development of High Strength Rack bar in MS gear will reduce weight for same strength specification requirement.</p> <p>d) Development of extended shaft with 3 UJ System will reduce Torque fluctuation in utility Vehicle leading to improved driving feel.</p> <p>e) Development of column helps to improve the ENCAP rating of steering column.</p> <p>f) Development will reduce the cost and Import content in the Resin type sliding I shaft.</p> <p>g) Development will improve the crash performance of steering column at vehicle level.</p> <p>h) Development provide customer extra comfort with silent steering system.</p>   |
| 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. | <p>a) Research and Development work for advanced electric power steering having Torque and angle sensor control and speed sensitive steering assist for passenger car segment have been undertaken. Prototype hardware and software developed and presently under testing stage.</p> <p>b) Research and Development work on various communication strategies suitable for Electric power steering systems have been undertaken to develop cost effective steering technology with advanced safety features.</p> |
| 2. Benefits derived as a result of the above R&D.          | <p>a) The above R&amp;D initiatives would enable the company to explore new business opportunities for futuristic growth through indigenous technological innovations.</p> <p>b) The Company has developed advanced product technologies having collaborative research work with academic/industrial institutes as well as with potential customers.</p>  |
| 3. Expenditure on R&D                                      | <p>a) Capital Expenditure of INR 18.31 lakhs.</p> <p>b) Revenue expenditure of INR 57.60 lakhs.</p>   |

## FORM - C : FOREIGN EXCHANGE EARNING AND OUTGO

During the year the Company's export sales amounted to INR 9795.89 Lakhs. Foreign Exchange outflow on account of import of raw material, spares and tools during the year was INR 11228.25 Lakhs.

## 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 as 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. Hiroshi Ii, Chairman *                | 31.92                        |
| Mr Sudhir Chopra, Executive Vice Chairman | 51.85                        |
| Mr. Akihiko Kawano, Managing Director     | 16.08                        |

\* Mr. Hiroshi Ii was appointed as Executive Chairman of the Company w.e.f. 15 April 2019

**(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. Hiroshi Ii, Executive Chairman *       | 100.00%                    |
| Mr Sudhir Chopra, Executive Vice Chairman  | 26.05%                     |
| Mr. Akihiko Kawano, Managing Director      | 37.65%                     |
| Mr. Rajiv Chanana, Chief Financial Officer | 6.77%                      |
| Mr. Nitin Sharma, Company Secretary **     | 100.00%                    |

\* Mr Hiroshi Ii was appointed as Executive Chairman w.e.f 15 April 2019

\*\* Mr. Nitin Sharma was appointed as Company Secretary of the Company w.e.f. 18 May 2019

**(c) the percentage increase in the median remuneration of employees in the financial year**

19.50%

**(d) the number of permanent employees on the rolls of Company**

1847

**(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 2019-20 was 11.36%. Percentage increase (+) / decrease (-) in the managerial remuneration for the year was (65.32%).

**(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 – V(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. Hiroshi Ii         | 62          | Chairman                           | 1,35,32,170        | Graduate                           | 37                 | 15.04.2019         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 2.      | Mr. Sudhir Chopra      | 62          | Executive Vice Chairman            | 2,19,83,318        | B.Com, FCS, LL.B.                  | 42                 | 15.05.1993         | Samtel India Limited (Company Secretary) | 0.00%                       | No                              |
| 3.      | Mr. Osamu Miyazaki     | 51          | Sr. Vice President                 | 2,32,66,936        | B.E. (Mech.)                       | 28                 | 04.09.2018         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 4.      | Mr. Kenji Okazaki      | 50          | Sr. Vice President                 | 1,95,03,935        | Bachelor of Arts (Business Admn)   | 23                 | 06.04.2018         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 5.      | Mr. Kazuyuki Tamenaga  | 44          | Sr. Vice President                 | 1,85,37,268        | B.E. (Mech. Engg.)                 | 21                 | 18.04.2016         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 6.      | Mr. Satoshi Kakutani   | 44          | Asst. Vice President               | 1,83,20,348        | Graduate in Materials              | 19                 | 26.03.2019         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 7.      | Mr. Hironori Yamato    | 51          | Asst. Vice President               | 1,82,29,449        | Degree of Associate of Mech. Engg. | 29                 | 03.07.2018         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 8.      | Mr. Kazuyoshi Fukumoto | 51          | Asst. Vice President               | 1,77,99,568        | Graduate in Mech. Engg.            | 29                 | 01.08.2018         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 9.      | Mr. Yoshitaka Shirai   | 51          | Sr. Vice President                 | 1,74,41,838        | Graduate in Electronics            | 33                 | 02.04.2018         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 10.     | Mr. Yasunori Imamura   | 43          | General Manager                    | 1,65,10,342        | Graduate                           | 19                 | 01.04.2019         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 11.     | Mr. Takashi Fujise     | 54          | Sr. Vice President                 | 1,64,48,266        | Graduate                           | 32                 | 04.09.2017         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 12.     | Mr. Isayoshi Oteki     | 47          | General Manager                    | 1,63,68,785        | Graduate                           | 29                 | 27.01.2015         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 13.     | Mr. Kenichi Kimihara   | 52          | Sr. Vice President                 | 1,63,63,344        | Graduate                           | 34                 | 04.09.2017         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 14.     | Mr. Tsuyoshi Yamada    | 36          | General Manager                    | 1,52,82,054        | Graduate                           | 13                 | 03.07.2018         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 15.     | Mr. Takuya Watanabe    | 49          | General Manager                    | 1,47,08,875        | Degree of Master of Engineering    | 14                 | 04.07.2016         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 16.     | Mr. Yuiga Ino          | 38          | Sr. Vice President                 | 1,47,05,903        | Degree of Master of Philosophy     | 12                 | 16.10.2017         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 17.     | Mr. Naohiro Yoshida    | 52          | Asst. Vice President               | 1,23,58,607        | Graduate                           | 34                 | 26.03.2016         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |
| 18.     | Mr. Yasufumi Watanabe  | 29          | General Manager                    | 1,18,23,037        | Graduate                           | 7                  | 07.01.2019         | JTEKT Corporation, Japan                 | 0.00%                       | No                              |

### Note

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 2020, 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 2020, and Profit and Other Comprehensive Income, Changes in Equity and its Cash Flows for the year ended on that date.

Description of Key Audit Matter

#### Revenue Recognition

See note 2.3 (h) to the Standalone Financial statements

| The key audit matter   | How the matter was addressed in our audit  |
|--|--|
| <p>As disclosed in Note 23 and 24 to the Standalone Financial Statements, the Company's revenue for the year ended 31 March 2020 was INR 154,189.26 Lacs (Previous year INR 178,566.74 Lacs).</p> <p>Revenue is recognized in accordance with accounting policies as detailed in "Significant accounting policies" in the Standalone Financial Statements.</p> <p>Revenue is significant to the Standalone Statement of Profit and Loss and is one of key performance indicators of the Company.</p> | <p>There may be misstatements related to revenue recognition due to which the completeness, existence and accuracy of revenue recognition is identified as a key audit matter. Our audit procedures included:</p> <ul style="list-style-type: none"><li>- Assessed the revenue recognition accounting policies by comparing with applicable accounting standard;</li><li>- Evaluated the design and implementation and operating effectiveness of key controls in relation to recognition of revenue;</li><li>- Involved our internal specialists for testing of key IT system controls which impact revenue recognition;</li><li>- Performed substantive testing by selecting samples of revenue transactions recorded during and after the year and verifying the underlying documents for their inclusion in the appropriate period; and</li><li>- Assessed the adequacy of the disclosures made in accordance with the relevant accounting standard.</li></ul> |

### 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 Standalone Financial Statements and our auditors' report thereon.

### 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 *Auditors' 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 on the Standalone Financial Statements.

### 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.

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 and Board of Directors' 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 of the Company as at 31 March 2020, and Profit and Other Comprehensive Income, Changes in Equity and its 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 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, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

##### 6. Auditors' 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 Standalone 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 in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 auditors' 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 Matter

We draw attention to note 37 of the Standalone Financial Statements which describes in detail that during the previous year ended 31 March 2019, the Scheme of Arrangement ('Scheme') for merger of Company's associate, JTEKT Sona Automotive India Limited ('JSAI') with the Company had been approved by the New Delhi Bench of National Company Law Tribunal ('NCLT') vide its order dated 7 March 2019. The Scheme was effective from the appointed date of 1 April 2018, and the merger being a common control business combination, the comparative financial statements of the Company had 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 have been included in the comparative period presented in Standalone Financial Statements. 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:
- 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.
  - 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.
  - 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.
  - In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under section 133 of the Act.
  - On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - With respect to the adequacy of the internal financial controls with reference to Standalone 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:

- The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its Standalone Financial Statements - Refer Note 38 to the Standalone Financial Statements;
- The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
- 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 Standalone Financial Statements since they do not pertain to the financial year ended 31 March 2020.

(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 during the current year by the Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the 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

ICAI UDIN: 20095109AAAADS2162

Place: Gurugram  
Date: 22 June 2020

## ANNEXURE A REFERRED TO IN OUR INDEPENDENT AUDITORS' 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 2020.

- (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.
- (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 (except plant and machinery) are verified every year and plant and machinery are verified twice a year. 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, 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 2020 (INR In Lakhs) | Net block as at 31 March 2020 (INR 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, erstwhile an associate company, which had amalgamated with the Company during the previous year (refer note 37) and the mutation of name is pending    |
| Haryana                         | Building                     | 2,457.63                                       | 2,032.81                                     |  |
| Gujarat                         | Land                         | .*   | .*   | The title deed for the aforesaid land is in the erstwhile name of the Company i.e. 'Sona Steering Systems Limited'.<br><br>The Company is in the process of getting the name changed to JTEKT India Limited, which is pending as at 31 March 2020. |

\* the Gross block and Net block as at 31 March 2020 of the said Land is INR 1.

- (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, Employees' State Insurance, 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 2020 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 previous years ended 31 March 2019.

(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax, Value added tax, Goods and services tax, Duty of customs and Duty of excise 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 (INR in Lakhs) | Amount paid under protest (INR in Lakhs) |
|--------------------------|--------------------------------------|--|--|-----------------------|--|
| The Finance Act, 1994    | Service Tax                          | 2009-10                                | Commissioner of Appeals (Service Tax)    | 7.69                  | -  |
| Central Excise Act, 1944 | Excise Duty                          | 2007-08 & 2008-09                      | Commissioner of Appeals (Central Excise) | 5.49                  | -  |
| Central Excise Act, 1944 | Excise Duty                          | 2008-09                                | CESTAT, Chennai (Central Excise)         | 122.24                | 3.15                                     |
| Central Excise Act, 1944 | Excise Duty                          | 2007-08 to 2011-12                     | CESTAT, New Delhi (Central Excise)       | 389.53                | 8.36                                     |
| Central Excise Act, 1944 | Excise Duty                          | 2010-11                                | Commissioner of Appeals (Central Excise) | 0.50                  | -  |
| Central Excise Act, 1944 | Excise Duty                          | 2015-16                                | Commissioner of Appeals (GST)*           | 200.14                | -  |
| Income Tax Act, 1961     | Disallowance under Section 14A       | 2015-16                                | Commissioner of Appeals (Income Tax)     | 44.78                 | 44.78                                    |
| Income Tax Act, 1961     | Claim of deduction under Section 80I | 1991-92 to 1994-95, 1999-2000          | Supreme Court                            | 126.85                | -  |

\* The Company is in the process of filing an appeal with higher appellate authority.

- (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 and financial institutions. 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. 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

Place: Gurugram  
Date: 22 June 2020

Membership No. : 095109  
ICAI UDIN: 20095109AAAADS2162

## 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 2020.

### 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 standalone financial statements of JTEKT India Limited ("formerly known as Sona Koyo Steering Systems Limited") ("the Company") as of 31 March 2020 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 2020, 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

Place: Gurugram

Membership No. : 095109

Date: 22 June 2020

ICAI UDIN: 20095109AAAADS2162

# STANDALONE BALANCE SHEET

AS AT 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

| Particulars  | Notes | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|-------|------------------------|------------------------|
| <b>Assets</b>  |       |                        |                        |
| <b>Non-current assets</b>  |       |                        |                        |
| Property, plant and equipment  | 3A    | 40,204.47              | 43,861.85              |
| Capital work-in-progress   | 3A    | 151.15                 | 876.94                 |
| Intangible assets  | 3B    | 4,626.88               | 5,607.68               |
| Intangible assets under development  | 3B    | -                      | 55.20                  |
| Right-of-use assets  | 3C    | 142.99                 | -                      |
| Financial assets   |       |                        |                        |
| (i) Investments  | 4     | 510.00                 | 510.00                 |
| (ii) Loans   | 5     | 252.78                 | 315.04                 |
| (iii) Other financial assets   | 6     | -                      | 40.31                  |
| Income tax assets (net)  | 7     | 893.85                 | 569.15                 |
| Other non-current assets   | 8     | 155.73                 | 112.84                 |
| <b>Total non-current assets</b>  |       | <b>46,937.85</b>       | <b>51,949.01</b>       |
| <b>Current assets</b>  |       |                        |                        |
| Inventories  | 9     | 10,783.92              | 10,445.47              |
| Financial assets   |       |                        |                        |
| (i) Trade receivables  | 10    | 19,639.08              | 27,093.33              |
| (ii) Cash and cash equivalents   | 11    | 4,556.69               | 11,221.13              |
| (iii) Other bank balances  | 12    | 129.00                 | 156.72                 |
| (iv) Loans   | 5     | 109.03                 | 132.51                 |
| (v) Other financial assets   | 6     | 155.68                 | 798.93                 |
| Other current assets   | 13    | 1,345.85               | 1,556.64               |
| <b>Total current assets</b>  |       | <b>36,719.25</b>       | <b>51,404.73</b>       |
| <b>Total assets</b>  |       | <b>83,657.10</b>       | <b>1,03,353.74</b>     |
| <b>Equity and Liabilities</b>  |       |                        |                        |
| <b>Equity</b>  |       |                        |                        |
| Equity share capital   | 14    | 2,444.80               | 2,444.80               |
| Other equity   | 15    | 54,935.07              | 54,879.35              |
| <b>Total equity</b>  |       | <b>57,379.87</b>       | <b>57,324.15</b>       |
| <b>Liabilities</b>   |       |                        |                        |
| <b>Non-current liabilities</b>   |       |                        |                        |
| Financial liabilities  |       |                        |                        |
| (i) Borrowings   | 16A   | 1,609.06               | 4,744.93               |
| (ii) Lease liability   | 17A   | 375.93                 | -                      |
| Provisions   | 18    | 889.60                 | 862.40                 |
| Deferred tax liabilities (net)   | 19    | 79.43                  | 884.23                 |
| <b>Total non-current liabilities</b>   |       | <b>2,954.02</b>        | <b>6,491.56</b>        |
| <b>Current liabilities</b>   |       |                        |                        |
| Financial liabilities  |       |                        |                        |
| (i) Borrowings   | 16B   | 3,318.33               | 8,887.62               |
| (ii) Trade payables  | 20    |                        |                        |
| Total outstanding dues of micro enterprises and small enterprises                      |       | 163.71                 | 247.34                 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises |       | 14,344.94              | 20,882.57              |
| (iii) Lease liability  | 17A   | 40.57                  | -                      |
| (iv) Other financial liabilities   | 17B   | 4,169.39               | 7,143.65               |
| Other current liabilities  | 21    | 992.76                 | 1,796.71               |
| Provisions   | 18    | 293.51                 | 491.64                 |
| Income tax liabilities (net)   | 22    | -                      | 88.50                  |
| <b>Total current liabilities</b>   |       | <b>23,323.21</b>       | <b>39,538.03</b>       |
| <b>Total liabilities</b>   |       | <b>26,277.23</b>       | <b>46,029.59</b>       |
| <b>Total equity and liabilities</b>  |       | <b>83,657.10</b>       | <b>1,03,353.74</b>     |
| 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 : 22 June 2020

For and on behalf of the Board of Directors of  
**JTEKT India Limited**  
(Formerly known as Sona Koyo Steering Systems Limited)

**Sudhir Chopra**  
Executive Vice Chairman  
DIN 00058148

**Rajiv Chanana**  
Chief Financial Officer

Place : Gurugram  
Date : 22 June 2020

**Akihiko Kawano**  
Managing Director  
DIN 08160588

**Nitin Sharma**  
Company Secretary

**Geeta Mathur**  
Independent Director  
DIN 02139552  
New Delhi

# STANDALONE STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

| Particulars   | Notes | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------|-------------------------------------|-------------------------------------|
| <b>Income</b>   |       |                                     |                                     |
| Revenue from operations   | 23    | 1,53,090.21                         | 1,77,309.34                         |
| Other income  | 24    | 1,099.05                            | 1,257.40                            |
| <b>Total income (I)</b>   |       | <b>1,54,189.26</b>                  | <b>1,78,566.74</b>                  |
| <b>Expenses</b>   |       |                                     |                                     |
| Cost of materials consumed  | 25    | 1,04,930.05                         | 1,17,847.31                         |
| Purchases of stock-in-trade   | 26    | 2,257.41                            | 3,442.26                            |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade   | 27    | 293.90                              | 148.88                              |
| Employee benefit expenses   | 28    | 20,181.11                           | 18,355.75                           |
| Finance costs   | 29    | 989.12                              | 1,551.81                            |
| Depreciation and amortisation expense   | 30    | 8,651.16                            | 9,060.00                            |
| Other expenses  | 31    | 13,622.43                           | 17,430.86                           |
| <b>Total expenses (II)</b>  | 31    | <b>1,50,925.18</b>                  | <b>1,67,836.87</b>                  |
| <b>Profit before tax (III = I - II)</b>   |       | <b>3,264.08</b>                     | <b>10,729.87</b>                    |
| <b>Tax expenses</b>   |       |                                     |                                     |
| - Current tax   |       | 1,237.17                            | 4,178.53                            |
| - Deferred tax credit   |       | (723.71)                            | (305.05)                            |
| <b>Total tax expenses (IV)</b>  | 32    | <b>513.46</b>                       | <b>3,873.48</b>                     |
| <b>Profit for the year (V = III - IV)</b>   |       | <b>2,750.62</b>                     | <b>6,856.39</b>                     |
| <b>Other comprehensive income</b>   |       |                                     |                                     |
| <b>Items that will not be reclassified to profit or loss</b>  |       |                                     |                                     |
| Loss on remeasurement of defined benefit obligation   |       | (310.77)                            | (164.55)                            |
| Income tax relating to the above  |       | 78.21                               | 57.50                               |
| <b>Items that will be reclassified to profit or loss</b>  |       |                                     |                                     |
| Effective portion of gain on cash flow hedge instruments  |       | 19.74                               | 146.07                              |
| Income tax relating to above  |       | (8.97)                              | (51.04)                             |
| <b>Total other comprehensive income for the year (net of tax) (VI)</b>  |       | <b>(221.79)</b>                     | <b>(12.02)</b>                      |
| <b>Total comprehensive income for the year (VII = V - VI)<br/>(Comprising Profit and Other Comprehensive Income for the year)</b> |       | <b>2,528.83</b>                     | <b>6,844.37</b>                     |
| Earnings per equity share :   | 33    |                                     |                                     |
| Basic - Par value of INR 1 per share  |       | 1.13                                | 2.80                                |
| Diluted - Par value of INR 1 per share  |       | 1.13                                | 2.80                                |
| 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 : 22 June 2020

For and on behalf of the Board of Directors of  
**JTEKT India Limited**  
(Formerly known as Sona Koyo Steering Systems Limited)

**Sudhir Chopra**  
Executive Vice Chairman  
DIN 00058148

**Rajiv Chanana**  
Chief Financial Officer

Place : Gurugram  
Date : 22 June 2020

**Akihiko Kawano**  
Managing Director  
DIN 08160588

**Nitin Sharma**  
Company Secretary

**Geeta Mathur**  
Independent Director  
DIN 02139552  
New Delhi

# STANDALONE STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 MARCH 2020

(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 2019  | 14   | 2,444.80               | 2,444.80 |
| Issued during the year      |      | -                      | -        |
| Balance as at 31 March 2020 |      | 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 2018                    | 8,070.76             | 8,190.71        | 2,434.23          | 457.38                   | 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)         |
| <b>Total comprehensive income for the year</b> | -                    | -               | -                 | -                        | <b>6,856.39</b>   | <b>(107.05)</b>                               | <b>95.03</b>                          | <b>6,844.37</b> |
| <b>Transferred to retained earnings</b>        | -                    | -               | -                 | -                        | <b>(107.05)</b>   | <b>107.05</b>                                 | -                                     | -               |
| 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       |
| Transition impact of Ind AS 116#               | -                    | -               | -                 | -                        | (167.66)          | -   | -                                     | (167.66)        |
| Profit for the year                            | -                    | -               | -                 | -                        | 2,750.62          | -   | -                                     | 2,750.62        |
| Other comprehensive income (net of tax)        | -                    | -               | -                 | -                        | -                 | (232.56)                                      | 10.77                                 | (221.79)        |
| <b>Total comprehensive income for the year</b> | -                    | -               | -                 | -                        | <b>2,582.96</b>   | <b>(232.56)</b>                               | <b>10.77</b>                          | <b>2,361.17</b> |
| <b>Transferred to retained earnings</b>        | -                    | -               | -                 | -                        | <b>(232.56)</b>   | <b>232.56</b>                                 | -                                     | -               |
| Contribution by and distribution to owner      |                      |                 |                   |                          |                   |   |                                       |                 |
| Dividend on equity shares                      | -                    | -               | -                 | -                        | (1,955.84)        | -   | -                                     | (1,955.84)      |
| Dividend Distribution Tax (DDT) - refer note 1 | -                    | -               | -                 | -                        | (349.61)          | -   | -                                     | (349.61)        |
| Balance as at 31 March 2020                    | 8,070.76             | 8,190.71        | 2,434.23          | -                        | 36,243.93         | -   | (4.56)                                | 54,935.07       |

#### Note:

- During the year ended 31 March 2020 and 31 March 2019, 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.
- Refer note 15 for nature and purpose of other equity.  
\* Refer note 37  
# Refer note 41

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 : 22 June 2020

For and on behalf of the Board of Directors of  
**JTEKT India Limited**  
(Formerly known as Sona Koyo Steering Systems Limited)

**Sudhir Chopra**  
Executive Vice Chairman  
DIN 00058148

**Rajiv Chanana**  
Chief Financial Officer

Place : Gurugram  
Date : 22 June 2020

**Akihiko Kawano**  
Managing Director  
DIN 08160588

**Nitin Sharma**  
Company Secretary

**Geeta Mathur**  
Independent Director  
DIN 02139552  
New Delhi



## STANDALONE STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| <b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>                                      |                                     |                                     |
| 1. Profit before tax  | 3,264.08                            | 10,729.87                           |
| 2. Adjustments for:   |                                     |                                     |
| Depreciation and amortisation expense   | 8,651.16                            | 9,060.00                            |
| Dividend income   | (255.00)                            | (153.00)                            |
| Interest income   | (450.20)                            | (728.19)                            |
| Loss / (Profit) on disposal of property, plant and equipment (net)                  | 9.35                                | (22.96)                             |
| Provision on obsolescence of inventory  | 40.00                               | 39.71                               |
| Interest expenses   | 989.12                              | 1,517.41                            |
| Unrealized foreign exchange loss / (gain)   | 59.70                               | (134.03)                            |
| <b>3. Operating profit before changes in following assets and liabilities (1+2)</b> | <b>12,308.21</b>                    | <b>20,308.81</b>                    |
| 4. Changes in operating assets and liabilities                                      |                                     |                                     |
| Decrease / (Increase) in loans  | 85.74                               | (176.91)                            |
| (Increase) in inventories   | (378.45)                            | (1,139.45)                          |
| Decrease / (Increase) in other financial assets                                     | 737.99                              | (357.81)                            |
| Decrease in other assets  | 250.42                              | 199.51                              |
| Decrease / (Increase) in trade receivables  | 7,594.89                            | (972.63)                            |
| (Decrease) in other financial liabilities   | (179.74)                            | (203.92)                            |
| (Decrease) / Increase in other liabilities  | (803.95)                            | 881.29                              |
| (Decrease) / Increase in trade payables   | (6,799.66)                          | 2,943.20                            |
| (Decrease) in provision   | (481.70)                            | (60.88)                             |
| <b>5. Cash generated from operating activities (3+4)</b>                            | <b>12,333.75</b>                    | <b>21,421.21</b>                    |
| 6. Income tax paid (net of refunds)   | (1,651.00)                          | (4,445.62)                          |
| <b>7. Net cash flow generated from operating activities (5-6)</b>                   | <b>10,682.75</b>                    | <b>16,975.59</b>                    |
| <b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>                                      |                                     |                                     |
| Purchase of property, plant and equipment   | (2,629.07)                          | (5,071.33)                          |
| Proceeds from disposal of property, plant and equipment                             | 129.46                              | 523.96                              |
| Purchase of intangible assets   | (732.36)                            | (1,752.81)                          |
| Proceeds from redemption of deposit with original maturity more than 3 months       | 27.72                               | 7,606.90                            |
| Dividend received   | 255.00                              | 153.00                              |
| Interest received   | 449.12                              | 728.19                              |
| <b>Net cash (used in)/generated from investing activities</b>                       | <b>(2,500.13)</b>                   | <b>2,187.91</b>                     |
| <b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>                                      |                                     |                                     |
| Repayment of long term borrowings   | (5,872.44)                          | (5,861.21)                          |
| (Repayment)/proceeds of short-term borrowings (net)                                 | (5,722.30)                          | 1,470.96                            |
| Dividend paid (including dividend distribution tax)                                 | (2,305.45)                          | (2,383.61)                          |
| Interest paid   | (946.87)                            | (1,547.70)                          |
| <b>Net cash used in financing activities</b>  | <b>(14,847.06)</b>                  | <b>(8,321.56)</b>                   |
| <b>(D) (Decrease)/Increase in cash and cash equivalents (A+B+C)</b>                 | <b>(6,664.44)</b>                   | <b>10,841.94</b>                    |
| Cash and cash equivalents at the beginning of the year                              | 11,221.13                           | 379.19                              |
| <b>Cash and cash equivalents at the end of the year</b>                             | <b>4,556.69</b>                     | <b>11,221.13</b>                    |
| <b>Cash and cash equivalents include :</b>  |                                     |                                     |
| Balances with banks:  |                                     |                                     |
| – In current accounts   | 511.66                              | 402.51                              |
| – In cash credit accounts   | 1.31                                | -                                   |
| – In dividend accounts#   | 223.26                              | 230.91                              |
| Bank deposits with original maturity less than 3 months                             | 3,813.00                            | 10,578.00                           |
| Cash on hand  | 7.46                                | 9.71                                |
| <b>Cash and cash equivalents at the end of the year</b>                             | <b>4,556.69</b>                     | <b>11,221.13</b>                    |

# INR 223.26 lakhs (31 March 19 : INR 230.91 lakhs) has restricted use.

# STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

(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 |
|--|-------------------------|--------------------|
| <b>Opening balance as at 1 April 2019</b>  | <b>9,950.65</b>         | <b>8,887.62</b>    |
| Add: non-cash changes due to               |                         |                    |
| - Mark to market on foreign contracts      | -                       | -                  |
| - Others                                   | (0.03)                  | 153.01             |
| Add : cash inflows during the year         | -                       | -                  |
| Less: cash outflows during the year**      | (5,872.44)              | (5,722.30)         |
| <b>Closing balance as at 31 March 2020</b> | <b>4,078.18</b>         | <b>3,318.33</b>    |

\*Includes current maturities of non-current borrowings, refer note 17.

\*\*Cash outflows are net off cash inflows for current borrowing.

## Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities:

| Particulars                                | Non current borrowings* | Current borrowings |
|--|-------------------------|--------------------|
| <b>Opening balance as at 1 April 2018</b>  | <b>15,802.27</b>        | <b>7,416.66</b>    |
| 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        | (5,861.21)              | -                  |
| <b>Closing balance as at 31 March 2019</b> | <b>9,950.65</b>         | <b>8,887.62</b>    |

\*Includes current maturities of non-current borrowings, refer note 17.

\*\*Cash inflows are net off cash outflows for current borrowing.

### Notes:

- 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".
- Refer note 2 for significant accounting policies.
- The Company paid in cash INR 94.56 lakhs for the year ended 31 March 2020 and INR 52.88 lakhs for the year ended 31 March 2019 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

For and on behalf of the Board of Directors of  
**JTEKT India Limited**  
(Formerly known as Sona Koyo Steering Systems Limited)

**Sudhir Chopra**  
Executive Vice Chairman  
DIN 00058148

**Rajiv Chanana**  
Chief Financial Officer

**Akihiko Kawano**  
Managing Director  
DIN 08160588

**Nitin Sharma**  
Company Secretary

**Geeta Mathur**  
Independent Director  
DIN 02139552  
New Delhi

Place : Gurugram  
Date : 22 June 2020

Place : Gurugram  
Date : 22 June 2020

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(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 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. 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.

During the previous year ended 31 March 2019, the Scheme of Amalgamation (The Scheme) for amalgamation of Company's erstwhile associate, JTEKT Sona Automotive India Limited ('JSAI') with the Company had 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 became effective from the appointed date, i.e., 1 April 2018. The amalgamation had been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combinations' and accordingly, the figures of JSAI have been included in the Standalone Financial Statements to record the merger from 22 June 2017 (i.e. the date when JTEKT Corporation, Japan acquired control over the Company).

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 2020 are approved by the Company's Audit Committee on 19 June 2020 and by the Board of Directors on 22 June 2020.

#### (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 2020

(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)
- In assessing the recoverability of receivables including unbilled receivables, financial assets, and certain investments, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts considering emerging situations due to COVID-19. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties in future periods.

### (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.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

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 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 46 – Financial instrument.

## 2.2 Changes in significant accounting policies

The Company has initially applied Ind AS 116 from 1 April 2019. 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.

The Company applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for the previous year ended 31 March 2019 is not restated – i.e. it is presented, as previously reported, under Ind AS 17. The details of the changes in accounting policies are disclosed in note 2.3 (c).

On adoption of the standard, the company has recognized 'Right-of-use' assets amounting to INR 194.25 Lakhs and 'Lease liabilities' amounting to INR 451.97 Lakhs as at 1 April 2019. The cumulative effect of applying the standard resulted in INR 167.66 Lakhs being debited to the retained earnings, net of taxes of INR 90.06 Lakhs. Accordingly, the Statement of Profit and Loss for the year ended 31 March 2020 includes INR 51.26 Lakhs towards amortisation of Right-to-Use Assets and INR 43.38 Lakhs as finance cost in relation to unwinding of discount on lease liability with a corresponding impact on rent expense which has reduced by INR 78.85 Lakhs due to recognition of operating leases as Right-of-Use Assets and a corresponding lease liability. The net impact on profit after tax for the year ended 31 March 2020 is INR 11.89 Lakhs and related impact on earnings per share is INR 0.005 per share (Basic and diluted).

A number of other new standards and amendments are also effective from 1 April 2019, but they do not have a material effect on the Company's Standalone Financial Statements.

## 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

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

for its intended use and estimated cost of dismantling and removing the items and restoring the site on which it is located. 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 Standalone 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 Standalone 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 Standalone 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 Standalone 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. Leasehold improvements are depreciated over the primary lease period or the estimated useful life of leasehold improvements, whichever is shorter. 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.

| Asset category           | Category under which Asset is disclosed | Management estimate of useful life (in years) |
|--------------------------|---|---|
| Building                 | Building                                | 30  |
| Roads                    | Building                                | 5   |
| Sheds                    | Building                                | 3   |
| Plant and machinery      | Plant & Machinery                       | 4-15  |
| Tools and dies           | Plant & Machinery                       | 4   |
| Jigs and fixtures        | Jigs & Fixture                          | 10  |
| Electrical installations | Electrical installation                 | 10  |
| Furniture and fixtures   | Furniture & Fixture                     | 10  |
| Office equipment         | Office equipment                        | 5   |
| IT equipment             | Office equipment                        | 6   |
| Computers                | Office equipment                        | 3   |
| Vehicles                 | Vehicles                                | 5.3   |

The management has estimated, supported by internal technical assessment made by the management, the useful lives of the following classes of assets and has not followed the scheduled II in following categories of assets:

- The useful life of vehicles is estimated as 5.3 years.
- The useful life of tools and dies and machinery spares is estimated as 4 years.
- Assets costing less than INR 5,000 each are depreciated at the rate of 100% in the year of purchase.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(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 (upto) 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 Standalone 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 Standalone 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 Standalone Statement of Profit and 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 Standalone 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 Standalone 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

#### Policy applicable before 1 April 2019 – IND AS 17

#### (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 2020

(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 Standalone Statement of Profit and 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 Standalone 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.

#### **Policy applicable after 1 April 2019 – IND AS 116**

Effective 1 April 2019, the Company has applied Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard 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. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. As a result, the comparative information has not been restated. The impact of the adoption of the standard on the Standalone Financial Statements of the Company is insignificant. Refer note 41 for further details.

The Company's lease asset classes primarily consist of leases for Land and Buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

The Company has applied the practical expedient to grandfather the definition of a lease on transition. This means that it has applied Ind AS 116 to all the contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 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 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 Standalone Statement of Profit and Loss. Impairment losses of continuing operations, including impairment on inventories, are recognized in the Standalone 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 Standalone 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.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

## f) Inventories

Inventories which includes raw materials, components, stores and spares, work in progress, finished goods and losse tools 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 Standalone 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 Standalone Statement of Profit and Loss are also recognized in OCI or the Standalone Statement of Profit and Loss, respectively).

## 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, 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 demat before revenue is recognized.

### 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.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

Unearned or deferred revenue is recognised when there are 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.
- 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 the Standalone Statement of 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 Standalone 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 Standalone 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 Standalone 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.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### **Impairment of 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.

### **i) Income tax**

Income tax expense comprises current and deferred tax. It is recognized in Standalone 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.

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.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 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 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 Standalone 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 Standalone 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.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

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 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 Standalone 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.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

- 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 Standalone Statement of Profit and Loss. The losses arising from impairment are recognized in the Standalone Statement of Profit and 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.

### 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.

### 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.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

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 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.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 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.

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

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

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

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 Standalone Statement of the Profit and Loss.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

**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) Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are aggregated.

**v) Recent Indian Accounting Standards (Ind-As)**

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

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 3A. Property, plant and equipment

| Particulars<br>Description | Gross carrying value  |                 |                       | Accumulated depreciation |                       |                              | Net block     |                        |                        |                        |
|----------------------------|-----------------------|-----------------|-----------------------|--------------------------|-----------------------|------------------------------|---------------|------------------------|------------------------|------------------------|
|                            | As at<br>1 April 2019 | Additions       | Sales/<br>Disposition | As at<br>31 March 2020   | As at<br>1 April 2019 | Depreciation<br>for the year | Disposals     | As at<br>31 March 2020 | As at<br>31 March 2020 | As at<br>31 March 2019 |
| Freehold land#@            | 5,710.82              | -               | -                     | 5,710.82                 | -                     | -                            | -             | -                      | 5,710.82               | 5,710.82               |
| Building*#                 | 18,230.71             | 555.25          | -                     | 18,785.96                | 2,106.22              | 736.41                       | -             | 2,842.63               | 15,943.33              | 16,124.49              |
| Lease hold improvements    | 8.83                  | 7.79            | 2.25                  | 14.37                    | 8.83                  | 0.65                         | 2.25          | 7.23                   | 7.14                   | -                      |
| Plant & Machinery          | 37,143.71             | 1,710.20        | 311.50                | 38,542.41                | 18,347.83             | 5,176.88                     | 219.93        | 23,304.78              | 15,237.63              | 18,795.88              |
| Jigs & Fixture             | 684.69                | 385.70          | 1.37                  | 1,069.02                 | 263.76                | 96.50                        | 0.72          | 359.54                 | 709.48                 | 420.93                 |
| Electric installation      | 2,158.49              | 72.38           | 5.90                  | 2,224.97                 | 1,068.68              | 291.13                       | 5.27          | 1,354.54               | 870.43                 | 1,089.81               |
| Furniture & Fixture        | 345.36                | 11.76           | 3.41                  | 353.71                   | 194.27                | 34.91                        | 2.08          | 227.10                 | 126.61                 | 151.09                 |
| Office equipment           | 1,930.14              | 227.58          | 12.08                 | 2,145.64                 | 772.34                | 350.67                       | 12.08         | 1,110.93               | 1,034.71               | 1,157.80               |
| Vehicles                   | 485.21                | 340.71          | 73.33                 | 752.59                   | 168.89                | 116.23                       | 28.70         | 256.42                 | 496.17                 | 316.32                 |
| R&D-Plant & Machinery      | 181.81                | -               | -                     | 181.81                   | 92.19                 | 25.83                        | -             | 118.02                 | 63.79                  | 89.62                  |
| R&D-Office Equipment       | 11.48                 | 1.61            | -                     | 13.09                    | 6.39                  | 2.34                         | -             | 8.73                   | 4.36                   | 5.09                   |
| <b>Total</b>               | <b>66,891.25</b>      | <b>3,312.98</b> | <b>409.84</b>         | <b>69,794.39</b>         | <b>23,029.40</b>      | <b>6,831.55</b>              | <b>271.03</b> | <b>29,589.92</b>       | <b>40,204.47</b>       | <b>43,861.85</b>       |

### 3A. Capital work-in-progress

| Particulars  | As at<br>1 April 2019 | Additions       | Capitalised     | As at<br>31 March 2020 |
|--------------|-----------------------|-----------------|-----------------|------------------------|
| <b>Total</b> | <b>876.94</b>         | <b>2,587.19</b> | <b>3,312.98</b> | <b>151.15</b>          |

### 3A. Property, plant and equipment

| Particulars<br>Description | Gross carrying value  |                 |                       | Accumulated depreciation |                       |                              | Net block     |                        |                        |                        |
|----------------------------|-----------------------|-----------------|-----------------------|--------------------------|-----------------------|------------------------------|---------------|------------------------|------------------------|------------------------|
|                            | As at<br>1 April 2018 | Additions       | Sales/<br>Disposition | As at<br>31 March 2019   | As at<br>1 April 2018 | Depreciation<br>for the year | Disposals     | As at<br>31 March 2019 | As at<br>31 March 2019 | As at<br>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                   |
| <b>Total</b>               | <b>62,564.59</b>      | <b>5,390.91</b> | <b>1,064.25</b>       | <b>66,891.25</b>         | <b>16,165.59</b>      | <b>7,427.06</b>              | <b>563.25</b> | <b>23,029.40</b>       | <b>43,861.85</b>       | <b>46,399.00</b>       |

### 3A. Capital work-in-progress

| Particulars  | As at<br>1 April 2018 | Additions       | Capitalised     | As at<br>31 March 2019 |
|--------------|-----------------------|-----------------|-----------------|------------------------|
| <b>Total</b> | <b>1,953.95</b>       | <b>4,313.90</b> | <b>5,390.91</b> | <b>876.94</b>          |

(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 Nil (previous year 31 March 2019 INR 19.74 lakhs)

(iii) Property, plant and equipment other than immovable property at Chennai, Malpura, Sanand and Bawal 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 2019 INR 1,374.03 lakhs), net block INR 1,165.42 lakhs (previous year 31 March 2019 INR 1,217.76 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 1,120.69 lakhs) and factory building having net block of INR 2,032.81 lakhs (previous year INR 2,137.28 lakhs) held in the name of erstwhile JTEKT Sona Automotive

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

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).

- @ Freehold land include land in Gujarat having gross block at INR 1.00 (previous year Nil) and the net block at INR 1.00 (previous year NIL). The title deed for the aforesaid land is in the name of erstwhile 'Sona Steering Systems Limited'. The Company is in the process of getting the name changed to JTEKT India Limited, which is pending as at 31 March 2020.

### 3B. Intangible assets

| Particulars<br>Description | Gross carrying value  |               |                       | Amortisation           |                       |                              |           | Net block              |                        |                        |
|----------------------------|-----------------------|---------------|-----------------------|------------------------|-----------------------|------------------------------|-----------|------------------------|------------------------|------------------------|
|                            | As at<br>1 April 2019 | Additions     | Sales/<br>Disposition | As at<br>31 March 2020 | As at<br>1 April 2019 | Amortisation<br>for the year | Disposals | As at<br>31 March 2020 | As at<br>31 March 2020 | As at<br>31 March 2019 |
| R&D-Computer softwares     | 31.48                 | 16.70         | -                     | 48.18                  | 14.28                 | 8.16                         | -         | 22.44                  | 25.74                  | 17.20                  |
| Computer softwares         | 2,154.38              | 502.51        | -                     | 2,656.89               | 909.21                | 432.89                       | -         | 1,342.10               | 1,314.79               | 1,245.17               |
| New product development    | 7,887.93              | 268.34        | -                     | 8,156.27               | 3,542.62              | 1,327.30                     | -         | 4,869.92               | 3,286.35               | 4,345.31               |
| <b>Total</b>               | <b>10,073.79</b>      | <b>787.55</b> | <b>-</b>              | <b>10,861.34</b>       | <b>4,466.11</b>       | <b>1,768.35</b>              | <b>-</b>  | <b>6,234.46</b>        | <b>4,626.88</b>        | <b>5,607.68</b>        |

### 3B. Intangible assets under development

| Particulars  | As at<br>1 April 2019 | Additions     | Capitalised   | As at<br>31 March 2020 |
|--------------|-----------------------|---------------|---------------|------------------------|
| <b>Total</b> | <b>55.20</b>          | <b>732.35</b> | <b>787.55</b> | <b>-</b>               |

### 3B. Intangible assets

| Particulars<br>Description | Gross carrying value  |                 |                       | Amortisation           |                       |                              |           | Net block              |                        |                        |
|----------------------------|-----------------------|-----------------|-----------------------|------------------------|-----------------------|------------------------------|-----------|------------------------|------------------------|------------------------|
|                            | As at<br>1 April 2018 | Additions       | Sales/<br>Disposition | As at<br>31 March 2019 | As at<br>1 April 2018 | Amortisation<br>for the year | Disposals | As at<br>31 March 2019 | As at<br>31 March 2019 | As at<br>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               |
| <b>Total</b>               | <b>8,008.81</b>       | <b>2,064.98</b> | <b>-</b>              | <b>10,073.79</b>       | <b>2,833.17</b>       | <b>1,632.94</b>              | <b>-</b>  | <b>4,466.11</b>        | <b>5,607.68</b>        | <b>5,175.64</b>        |

### 3B. Intangible assets under development

| Particulars  | As at<br>1 April 2018 | Additions       | Capitalised     | As at<br>31 March 2019 |
|--------------|-----------------------|-----------------|-----------------|------------------------|
| <b>Total</b> | <b>367.37</b>         | <b>1,752.81</b> | <b>2,064.98</b> | <b>55.20</b>           |

### 3C. Right-of-use assets

| Particulars<br>Description | Gross carrying value  |               |                       | Accumulated depreciation |                       |                              |           | Net block              |                        |                        |
|----------------------------|-----------------------|---------------|-----------------------|--------------------------|-----------------------|------------------------------|-----------|------------------------|------------------------|------------------------|
|                            | As at<br>1 April 2019 | Additions     | Sales/<br>Disposition | As at<br>31 March 2020   | As at<br>1 April 2019 | Depreciation<br>for the year | Disposals | As at<br>31 March 2020 | As at<br>31 March 2020 | As at<br>31 March 2019 |
| Leasehold land             | -                     | 106.81        | -                     | 106.81                   | -                     | 4.24                         | -         | 4.24                   | 102.57                 | -                      |
| Building                   | -                     | 87.44         | -                     | 87.44                    | -                     | 47.02                        | -         | 47.02                  | 40.42                  | -                      |
| <b>Total</b>               | <b>-</b>              | <b>194.25</b> | <b>-</b>              | <b>194.25</b>            | <b>-</b>              | <b>51.26</b>                 | <b>-</b>  | <b>51.26</b>           | <b>142.99</b>          | <b>-</b>               |

### 4. Investments

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Non-current investments</b>  |                        |                        |
| <b>Investments at cost</b>  |                        |                        |
| <b>Investment in subsidiary</b>   |                        |                        |
| <b>Investments in equity shares (Unquoted)</b>                                  |                        |                        |
| <b>JTEKT Fuji Kiko Automotive India Limited</b>                                 |                        |                        |
| (formerly known as Sona Fuji Kiko Automotive Ltd)                               | 510.00                 | 510.00                 |
| 5,099,993 (31 March 2019: 5,099,993) Equity Shares of INR 10 each fully paid up |                        |                        |
| <b>Total investments</b>  | <b>510.00</b>          | <b>510.00</b>          |
| <b>Aggregate amount of unquoted investments</b>                                 | <b>510.00</b>          | <b>510.00</b>          |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 5. Loans

| Particulars   | As at<br>31 March 2020 |               | As at<br>31 March 2019 |               |
|---|------------------------|---------------|------------------------|---------------|
|   | Current                | Non-current   | Current                | Non-current   |
| <i>(Unsecured considered good, unless stated otherwise)</i> |                        |               |                        |               |
| Security deposits   | 97.04                  | 248.64        | 68.64                  | 304.13        |
| Loans to employees  | 11.99                  | 4.14          | 63.87                  | 10.91         |
| <b>Total</b>  | <b>109.03</b>          | <b>252.78</b> | <b>132.51</b>          | <b>315.04</b> |

### 6. Other financial assets

| Particulars                                  | As at<br>31 March 2020 |             | As at<br>31 March 2019 |              |
|--|------------------------|-------------|------------------------|--------------|
|  | Current                | Non-current | Current                | Non-current  |
| Interest accrued but not due on deposits     | 9.63                   | -           | 8.55                   | -            |
| Forward exchange contracts used for hedging* | 35.04                  | -           | -                      | -            |
| Interest rate swaps used for hedging*        | 111.01                 | -           | 52.40                  | 40.31        |
| Unbilled revenue                             | -                      | -           | 737.98                 | -            |
| <b>Total</b>                                 | <b>155.68</b>          | <b>-</b>    | <b>798.93</b>          | <b>40.31</b> |

\* 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 (net)

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Advance income tax and tax deducted at source<br>[net of provisions INR 9,743.83 lakhs (31 March 2019 INR 11,989.10 lakhs)] | 893.85                 | 569.15                 |
| <b>Total</b>  | <b>893.85</b>          | <b>569.15</b>          |

### 8. Other non-current assets

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <i>(Unsecured considered good, unless stated otherwise)</i> |                        |                        |
| Capital advances  | 120.91                 | 38.39                  |
| Prepaid expenses  | 34.82                  | 74.45                  |
| <b>Total</b>  | <b>155.73</b>          | <b>112.84</b>          |

### 9. Inventories

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <i>(Valued at lower of cost and net realisable value)</i> |                        |                        |
| Raw materials and components *                            | 4,539.58               | 4,264.08               |
| Work-in-progress **                                       | 1,224.08               | 890.83                 |
| Finished goods ***  | 2,320.75               | 2,939.89               |
| Stock-in-trade  | 0.10                   | 8.11                   |
| Stores and spares   | 1,146.89               | 1,189.90               |
| Loose tools   | 1,592.52               | 1,197.96               |
| <b>Total</b>  | <b>10,823.92</b>       | <b>10,490.77</b>       |
| Less: Provision on inventory obsolescence                 | (40.00)                | (45.30)                |
| <b>Total</b>  | <b>10,783.92</b>       | <b>10,445.47</b>       |

\* Includes material in transit INR 337.74 lakhs (31 March 2019 INR 437.95 lakhs)

\*\* Includes material with the vendors sent for job work INR 70.31 lakhs (31 March 2019 INR 64.28 lakhs)

\*\*\* Includes goods in transit INR 1,358.62 lakhs (31 March 2019 INR 1,830.53 lakhs)

#### Note:

(i) Inventories have been pledged as security for liabilities, for details refer note 45.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 10. Trade receivables

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <i>(unsecured and considered good, unless otherwise stated)</i> |                        |                        |
| Trade receivables   | 19,639.08              | 27,093.33              |
| <b>Total</b>  | <b>19,639.08</b>       | <b>27,093.33</b>       |
| Dues from related parties (refer note 40)                       | 8,770.34               | 11,156.92              |

#### Notes :

- Trade receivables have been pledged as security for liabilities, for details refer note 45.
- For explanations on the company's exposure to credit, currency and liquidity risk, refer note 47.

### 11. Cash and cash equivalents

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Cash on hand  | 7.46                   | 9.71                   |
| Balances with banks                                     |                        |                        |
| -in current accounts                                    | 511.66                 | 402.51                 |
| -in cash credit accounts                                | 1.31                   | -                      |
| -in dividend accounts#                                  | 223.26                 | 230.91                 |
| Bank deposits with original maturity less than 3 months | 3,813.00               | 10,578.00              |
| <b>Total</b>  | <b>4,556.69</b>        | <b>11,221.13</b>       |

#### Notes :

- Cash and cash equivalents have been pledged as security for liabilities, for details refer note 45.
- There are no repatriation restrictions with respect to cash and bank balances as at the end of the reporting year and comparative years.
- The disclosures regarding details of specified bank notes held and transacted during the 8 November 2016 to 30 December 2016 has not been made in these Standalone Financial Statements since the requirement does not pertain to the financial year ended 31 March 2020.

# Earmarked unpaid dividend accounts are restricted in use as it relates to unclaimed dividends or unpaid dividend.

### 12. Other bank balances

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Bank deposits with original maturity more than 3 months but remaining less than 12 months* | 129.00                 | 156.72                 |
| <b>Total</b>   | <b>129.00</b>          | <b>156.72</b>          |

\* Held as margin money deposits against bank guarantees

### 13. Other current assets

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <i>(Unsecured considered good, unless stated otherwise)</i> |                        |                        |
| Advance to suppliers  | 97.38                  | 241.92                 |
| Balances with statutory/government authorities              | 457.45                 | 468.89                 |
| Prepaid expenses  | 554.51                 | 560.22                 |
| Claims receivable   | 236.32                 | 284.53                 |
| Other receivable  | 0.19                   | 1.08                   |
| <b>Total</b>  | <b>1,345.85</b>        | <b>1,556.64</b>        |

#### Notes :

- Other current assets have been pledged as security for liabilities, for details refer note 45.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

## 14. Equity share capital

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Authorised capital</b>   |                        |                        |
| 871,000,000 (31 March 2019 : 871,000,000) Equity Shares of INR 1/- each               | 8,710.00               | 8,710.00               |
|   | <b>8,710.00</b>        | <b>8,710.00</b>        |
| <b>Issued, subscribed and fully paid up equity share capital</b>                      |                        |                        |
| 244,480,469 (31 March 2019 : 244,480,469) Equity Shares of INR 1/- each fully paid up | 2,444.80               | 2,444.80               |
|   | <b>2,444.80</b>        | <b>2,444.80</b>        |

### a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

| Particulars                                 | As at 31 March 2020 |                 | As at 31 March 2019 |                 |
|---|---------------------|-----------------|---------------------|-----------------|
|   | No. of shares       | Amount          | No. of shares       | Amount          |
| Equity shares at the beginning of the year  | 24,44,80,469        | 2,444.80        | 19,87,41,832        | 1,987.42        |
| Issued during the year (refer note 37)      | -                   | -               | 4,57,38,637         | 457.38          |
| <b>Equity shares at the end of the year</b> | <b>24,44,80,469</b> | <b>2,444.80</b> | <b>24,44,80,469</b> | <b>2,444.80</b> |

During the previous year ended 31 March 2019, in terms of Scheme of Amalgamation of JTEKT Sona Automotive India Limited with the Company, the Company had allotted 45,738,637 Ordinary (Equity) shares of INR 1 each to JTEKT Corporation Japan and other shareholders of JSAL 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 JTEKT Sona Automotive India Limited (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.

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

| Name of shareholder                                | As at 31 March 2020 |           | As at 31 March 2019 |           |
|--|---------------------|-----------|---------------------|-----------|
|  | No. of shares       | % holding | No. of shares       | % holding |
| <b>Equity shares of INR 1/- each fully paid up</b> |                     |           |                     |           |
| JTEKT Corporation, Japan                           | 16,95,59,997        | 69.36%    | 16,95,59,997        | 69.36%    |
| Maruti Suzuki India Ltd.                           | 1,38,00,000         | 5.64%     | 1,38,00,000         | 5.64%     |

### d) Details of shares held by Ultimate Holding Company/Holding Company and/ or their Subsidiaries/Associates

| Name of shareholder                                | As at 31 March 2020 |           | As at 31 March 2019 |           |
|--|---------------------|-----------|---------------------|-----------|
|  | No. of shares       | % holding | No. of shares       | % holding |
| <b>Equity shares of INR 1/- each fully paid up</b> |                     |           |                     |           |
| JTEKT Corporation, Japan                           | 16,95,59,997        | 69.36%    | 16,95,59,997        | 69.36%    |

### 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.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 15. Other equity

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Securities premium</b>   |                        |                        |
| Opening balance   | 8,070.76               | 8,070.76               |
| Additions during the year   | -                      | -                      |
| <b>Closing balance</b>  | <b>8,070.76</b>        | <b>8,070.76</b>        |
| Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provision of the Companies Act, 2013.   |                        |                        |
| <b>General reserve</b>  |                        |                        |
| <b>Balance at the beginning and end of the year</b>   | <b>8,190.71</b>        | <b>8,190.71</b>        |
| 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 Standalone Statement of Profit and Loss. |                        |                        |
| <b>Surplus in the Standalone Statement of Profit and Loss</b>   |                        |                        |
| Opening balance   | 36,198.98              | 31,833.24              |
| Less: Transition impact of Ind AS 116#  | (167.66)               | -                      |
| Add: profit for the year  | 2,750.62               | 6,856.39               |
| Less: dividend on equity shares   | (1,955.84)             | (1,861.18)             |
| Less: dividend distribution tax   | (349.61)               | (522.42)               |
| Add: transferred from OCI (remeasurement of employee benefit obligations)   | (232.56)               | (107.05)               |
| <b>Closing balance</b>  | <b>36,243.93</b>       | <b>36,198.98</b>       |
| <b>Capital reserve*</b>   |                        |                        |
| <b>Balance at the beginning and end of the year</b>   | <b>2,434.23</b>        | <b>2,434.23</b>        |
| The capital reserve is the accumulated surplus not available for distribution of dividend and expected to remain invested permanently.  |                        |                        |
| <b>Share pending issuance*</b>  |                        |                        |
| Opening balance   | -                      | 457.39                 |
| Shares issued during the year   | -                      | (457.39)               |
| <b>Closing balance</b>  | <b>-</b>               | <b>-</b>               |
| <b>Items of other comprehensive income, net of tax</b>  |                        |                        |
| <b>Remeasurement of employee benefit obligations</b>  |                        |                        |
| Balance as at the beginning of the year   | -                      | -                      |
| Recognised during the period  | (232.56)               | (107.05)               |
| <b>Closing balance</b>  | <b>(232.56)</b>        | <b>(107.05)</b>        |
| Less: transferred to retained earnings  | 232.56                 | 107.05                 |
| <b>Closing balance</b>  | <b>-</b>               | <b>-</b>               |
| The remeasurements of defined benefit obligation comprises actuarial gains and losses.  |                        |                        |
| <b>Effective portion of cash flow hedges</b>  |                        |                        |
| Balance as at the beginning of the year   | (15.33)                | (110.36)               |
| Recognised during the period  | 10.77                  | 95.03                  |
| <b>Closing balance</b>  | <b>(4.56)</b>          | <b>(15.33)</b>         |
| <b>Total</b>  | <b>54,935.07</b>       | <b>54,879.35</b>       |

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 Standalone Statement of Profit and Loss, or included as a basis adjustment to the non-financial hedging item.

\* Refer note 37

# Refer note 41

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

## 16. Borrowings

### 16A. Non-current borrowings

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Secured loans</b>  |                        |                        |
| <b>Term loans</b>   |                        |                        |
| Indian rupee loan from banks                                    | 3,179.36               | 8,053.83               |
| Foreign currency loan from banks                                | 898.82                 | 1,896.82               |
| <b>Total borrowings (including current maturities)</b>          | <b>4,078.18</b>        | <b>9,950.65</b>        |
| <b>Less: Current maturities of borrowings (refer note 17B):</b> |                        |                        |
| Indian rupee loan from banks                                    | 1,570.30               | 4,133.60               |
| Foreign currency loan from banks                                | 898.82                 | 1,072.12               |
| <b>Total current maturities of borrowings</b>                   | <b>2,469.12</b>        | <b>5,205.72</b>        |
| <b>Total borrowings (excluding current maturities)</b>          | <b>1,609.06</b>        | <b>4,744.93</b>        |

#### Notes:

- Refer note 47 - Financial risk management for liquidity risk.
- Refer note 45 - Assets pledged as security.

### 16B. Current borrowings

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Secured</b>  |                        |                        |
| Cash credit, packing credit and factoring loan from banks | 3,318.33               | 8,887.62               |
| <b>Total</b>  | <b>3,318.33</b>        | <b>8,887.62</b>        |

#### Notes:

- Refer note 47 - Financial risk management for liquidity risk.
- 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<br>31 March 2020 | As at<br>31 March 2019 |
|--------------------------------------|---------------------|--|--|------------------------|------------------------|
| <b>Indian rupee loans from banks</b> |                     |  |  |                        |                        |
| 1.                                   | State Bank of India | Repayable in 16 Installment quarterly<br>- 8 Installments of INR 200 lakhs each, and<br>- 8 Installments of INR 300 lakhs each<br>The loan has been fully repaid during the current year ended 31 March 2020 | 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 Road Gurugram-122001, immovable property land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, 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.<br>The Company has regularised satisfaction of charges with The Registrar of Comapanies. | -                      | 1,200.00               |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(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 2020 | As at 31 March 2019 |
|---------|-------------------------|--|---|---------------------|---------------------|
| 2.      | Corporation Bank        | Repayable in 17 Installment quarterly<br>- 1 Installment of INR 100 lakhs,<br>- 8 Installments of INR 200 lakhs each,<br>- 4 Installments of INR 300 lakhs each, and<br>- 4 Installments of INR 275 lakhs each<br>The loan has been fully repaid during the current year ended 31 March 2020 | 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 Road Gurugram-122001, land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat.<br>The Company is in the process of regularising satisfaction of charges with The Registrar of Companies. | -                   | 1,100.00            |
| 3.      | Allahabad Bank T/L 2    | Repayable in 20 quarterly Installments of INR 200 lakhs 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 Road Gurugram-122001, land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat.   | 1,000.00            | 1,800.00            |
| 4.      | Allahabad Bank Car Loan | Monthly Repayment  | Allahabad Bank is secured by way of exclusive charge on the vehicles financed out of the said term loan.  | 19.21               | 56.32               |
| 5.      | IDFC Bank               | Repayable in 20 quarterly Installments<br>- 4 installments of INR 150 lakhs each,<br>- 4 installments of INR 200 lakhs each,<br>- 1 installment of INR 800 lakhs,<br>- 8 installments of INR 138 lakhs each and,<br>- 4 installments of INR 173 lakhs 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 Road Gurugram-122001, land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana).   | 1,660.15            | 3,197.50            |
| 6.      | Indusind Bank           | Repayable in 20 quarterly Installments of INR 50 lakhs 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 Road Gurugram-122001, land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana).   | 500.00              | 700.00              |
|         |                         |  |   | <b>3,179.36</b>     | <b>8,053.83</b>     |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(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 2020 | As at 31 March 2019 |
|--|--|--|--|---------------------|---------------------|
| <b>Foreign currency loans from banks</b> |  |  |  |                     |                     |
| 1.                                       | Standard Chartered Bank<br>ECB Loan of USD 6.5 million | Repayable in 17 Installments Details below:-<br>(1) Loan Amt USD-2 Million<br>Repayment INR 76 lakhs in 17 Installements.<br>(2) Loan Amt USD-2 Million<br>Repayment INR 76 lakhs in 17 Installements.<br>(3) Loan Amt USD-2.5 Million<br>Repayment INR 96 lakhs 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, NH-8 Delhi Jaipur Road Gurugram-122001, land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat.<br>Second pari passu charge on all present and future current assets of the Company. | 898.82              | 1,896.82            |
| <b>Total</b>                             |  |  |  | <b>898.82</b>       | <b>1,896.82</b>     |
|  |  |  |  | <b>4,078.18</b>     | <b>9,950.65</b>     |

Rate of interest: The Company's long term borrowings have weighted average rate of 9.90% in FY-2020 (9.80% p.a. in FY-2019)

### Security disclosure for the outstanding current borrowings as specified in note 16B as on balance sheet date :

| Sl. No.                                    | Particulars                              | Nature of securities of Current borrowings   | As at 31 March 2020 | As at 31 March 2019 |
|--|--|--|---------------------|---------------------|
| <b>Secured short-term loans from banks</b> |  |  |                     |                     |
| 1.   | Standard Chartered Bank<br>- Cash Credit | Primary : First Pari-passu hypothecation charges on Stocks & Book Debts.<br>Collateral : Second 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 Road Gurugram-122001, immovable property land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat.   | 1,138.10            | 5,441.25            |
| 2.   | State Bank of India - Cash Credit        | Primary : First Pari-passu hypothecation charges on the entire (present & future) current assets of the company along with other banks in Working capital arrangement.<br>Collateral : Second 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 Road Gurugram-122001, immovable property land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat. | -                   | 1,432.76            |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

| Sl. No.                                      | Particulars  | Nature of securities of Current borrowings   | As at           |                 |
|--|--|--|-----------------|-----------------|
|  |  |  | 31 March 2020   | 31 March 2019   |
| 3.   | Kotak Mahindra Bank - Cash Credit                    | Primary : First Pari passu hypothecation charges on the entire (present & future) current assets of the company along with other banks in Working capital arrangement.<br><br>Collateral : Second 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 Road Gurugram-122001, immovable property land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat. | -               | 409.03          |
| 4.   | Corporation Bank - Cash Credit                       | Primary : First Pari passu hypothecation charges on the entire (present & future) current assets of the company along with other banks in Working capital arrangement.<br><br>Collateral : Second 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 Road Gurugram-122001, immovable property land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat. | 35.05           | 216.30          |
| 5.   | IndusInd Bank - Cash Credit                          | Primary : First Pari passu hypothecation charges on the entire (present & future) current assets of the company along with other banks in Working capital arrangement.<br><br>Collateral : Second 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 Road Gurugram-122001, immovable property land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat. | 0.08            | 104.90          |
| 6.   | Sumitomo Mitsui Banking Corporation - Packing Credit | Limits backed by Corporate Guarantee given by parent company JTEKT Corporation, Japan  | 2,145.10        | -               |
| <b>Unsecured short-term loans from banks</b> |  |  |                 |                 |
| 1.   | Kotak Mahindra Bank - Factoring Loan                 | Unsecured  | -               | 375.24          |
| 2.   | Standard Chartered Bank - Factoring Loan             | Unsecured  | -               | 671.58          |
| 3.   | HDFC Bank - Factoring Loan                           | Unsecured  | -               | 236.56          |
|  |  |  | <b>3,318.33</b> | <b>8,887.62</b> |

### 17A. Lease liability

| Particulars                        | As at 31 March 2020 |               | As at 31 March 2019 |             |
|------------------------------------|---------------------|---------------|---------------------|-------------|
|                                    | Current             | Non-current   | Current             | Non-current |
| Lease liability (refer note no 41) | 40.57               | 375.93        | -                   | -           |
| <b>Total</b>                       | <b>40.57</b>        | <b>375.93</b> | -                   | -           |

The Company's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 47.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

## 17B. Other financial liabilities

| Particulars  | As at 31 March 2020 |             | As at 31 March 2019 |             |
|--|---------------------|-------------|---------------------|-------------|
|  | Current             | Non-current | Current             | Non-current |
| Current maturities of long-term borrowings (refer note no 16A) | 2,469.12            | -           | 5,205.72            | -           |
| Interest accrued but not due on borrowings                     | 20.56               | -           | 23.09               | -           |
| Security deposit payables                                      | 16.30               | -           | 46.69               | -           |
| Unclaimed dividends #  | 223.26              | -           | 230.91              | -           |
| Forward exchange contracts used for hedging                    | -                   | -           | 96.03               | -           |
| Employee dues  | 950.48              | -           | 1,092.18            | -           |
| Creditors for capital goods                                    | 489.67              | -           | 449.03              | -           |
| <b>Total</b>   | <b>4,169.39</b>     | <b>-</b>    | <b>7,143.65</b>     | <b>-</b>    |

# 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 2020 |               | As at 31 March 2019 |               |
|---|---------------------|---------------|---------------------|---------------|
|   | Current             | Non-current   | Current             | Non-current   |
| <b>Provision for employee benefits</b>  |                     |               |                     |               |
| Gratuity (refer note no 39)             | 3.42                | 34.83         | 4.33                | 47.43         |
| Compensated absences (refer note no 39) | 177.09              | 827.23        | 160.47              | 756.81        |
| <b>Others</b>                           |                     |               |                     |               |
| Provision for warranties*               | 113.00              | 27.54         | 326.84              | 58.16         |
| <b>Total</b>                            | <b>293.51</b>       | <b>889.60</b> | <b>491.64</b>       | <b>862.40</b> |

\*Movement in provision related to warranty during the year:

| Particulars   | As at 31 March 2020 | As at 31 March 2019 |
|---|---------------------|---------------------|
| <b>At the beginning of the year</b>                               | <b>385.00</b>       | <b>304.35</b>       |
| Additions during the year   | 168.16              | 1,038.64            |
| (Deletions) in the discounted amount arising from passage of time | (412.62)            | (957.99)            |
| <b>At the end of the year</b>                                     | <b>140.54</b>       | <b>385.00</b>       |

The provision for warranties relates mainly to inventories sold during the year ended 31 March 2020 and 31 March 2019. 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 2020 | As at 31 March 2019 |
|---|---------------------|---------------------|
| <b>Deferred tax liability arising on account of :</b>   |                     |                     |
| Property, plant and equipment and intangible assets   | 417.95              | 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. | 44.97               | 48.29               |
| Discounting of long term warranty   | 1.88                | 2.55                |
| Measurement of financial liabilities carried at amortised cost  | 0.35                | 0.87                |
| Adjustments for derivatives recognised through fair value hedge   | 8.82                | -                   |
| <b>Deferred tax asset arising on account of :</b>   |                     |                     |
| Effect of expenditure debited to Statement of Profit and Loss account but allowed for tax purposes in subsequent years  | 310.29              | 413.70              |
| Provision of inventory obsolescence   | 10.07               | 15.83               |
| Adjustments for derivatives recognised through fair value hedge   | -                   | 33.56               |
| Adjustments for derivatives recognised through cash flow hedge  | 5.34                | 14.32               |
| Impact of Ind AS 116  | 68.84               | -                   |
| <b>Total</b>  | <b>79.43</b>        | <b>884.23</b>       |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### Movement in deferred tax liability for the year ended 31 March 2020

| Particulars   | 31 March 2019   | Transition impact of Ind AS 116 (refer note 41) | Recognised in other comprehensive income | Recognised in Statement of Profit and Loss | 31 March 2020  |
|---|-----------------|---|--|--|----------------|
| <b>Deferred tax liability :</b>   |                 |   |  |  |                |
| Property, plant and equipment, investment property and intangible assets  | (1,309.93)      | -   | -  | 891.98                                     | (417.95)       |
| 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)         | -   | -  | 3.32                                       | (44.97)        |
| Discounting of long term warranty   | (2.55)          | -   | -  | 0.67                                       | (1.88)         |
| Measurement of financial liabilities carried at amortised cost  | (0.87)          | -   | -  | 0.52                                       | (0.35)         |
| Adjustments for derivatives recognised through fair value hedge   | -               | -   | -  | (8.82)                                     | (8.82)         |
| <b>Deferred tax asset :</b>   |                 |   |  |  |                |
| Effect of expenditure debited to Statement of Profit and Loss account but allowed for tax purposes in subsequent years  | 413.70          | -   | -  | (103.41)                                   | 310.29         |
| Provision of inventory obsolescence   | 15.83           | -   | -  | (5.76)                                     | 10.07          |
| Adjustments for derivatives recognised through fair value hedge   | 33.56           | -   | -  | (33.56)                                    | -              |
| Adjustments for derivatives recognised through cash flow hedge  | 14.32           | -   | (8.97)                                   | (0.01)                                     | 5.34           |
| Impact of Ind AS 116  | -               | 90.06   | -  | (21.22)                                    | 68.84          |
| <b>Total</b>  | <b>(884.23)</b> | <b>90.06</b>                                    | <b>(8.97)</b>                            | <b>723.71</b>                              | <b>(79.43)</b> |

### Movement in deferred tax liability for the year ended 31 March 2019

| Particulars   | As at 31 March 2018 | Transition impact of Ind AS 116 (refer note 41) | Recognised in other comprehensive income | Recognised in Statement of Profit and Loss | 31 March 2019   |
|---|---------------------|---|--|--|-----------------|
| <b>Deferred tax liability :</b>   |                     |   |  |  |                 |
| 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)             | -   | -  | (21.50)                                    | (48.29)         |
| Discounting of long term warranty   | (4.35)              | -   | -  | 1.80                                       | (2.55)          |
| Measurement of financial liabilities carried at amortised cost  | (1.27)              | -   | -  | 0.40                                       | (0.87)          |
| <b>Deferred tax asset :</b>   |                     |   |  |  |                 |
| 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           |
| Adjustments for derivatives recognised through fair value hedge   | 9.48                | -   | -  | 24.08                                      | 33.56           |
| Adjustments for derivatives recognised through cash flow hedge  | 65.36               | -   | (51.04)                                  | -  | 14.32           |
| <b>Total</b>  | <b>(1,195.73)</b>   | <b>-</b>  | <b>6.46</b>                              | <b>305.05</b>                              | <b>(884.23)</b> |

### 20. Trade payables

| Particulars   | As at 31 March 2020 | As at 31 March 2019 |
|---|---------------------|---------------------|
| Total outstanding dues of micro enterprises and small enterprises#                      | 163.71              | 247.34              |
| Total outstanding dues of creditors other than micro enterprises and small enterprises# | 14,344.94           | 20,882.57           |
| <b>Total</b>  | <b>14,508.65</b>    | <b>21,129.91</b>    |
| Dues from related parties (refer note 40)   | 4,674.02            | 4,596.63            |

# 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.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### Total outstanding dues of micro enterprises and small enterprises:-

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| i) The principal amount remaining unpaid to any supplier as at the year end.  | 163.71                 | 247.34                 |
| 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) | -                      | -                      |
| <b>Total</b>  | <b>163.71</b>          | <b>247.34</b>          |

The company exposure to currency and liquidity risk related to trade payables is disclosed in note 47.

### 21. Other current liabilities

| Particulars           | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-----------------------|------------------------|------------------------|
| Advance from customer | 131.55                 | 74.06                  |
| Statutory dues*       | 861.21                 | 1,722.65               |
| <b>Total</b>          | <b>992.76</b>          | <b>1,796.71</b>        |

\* Taxes payable includes withholding tax, GST etc.

### 22. Income tax liabilities (net)

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Provision for income tax (net of advance tax and TDS Nil)<br>(31 March 2019 : INR 6,808.12 lakhs) | -                      | 88.50                  |
| <b>Total</b>  | <b>-</b>               | <b>88.50</b>           |

### 23. Revenue from operations

| Particulars              | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--------------------------|-------------------------------------|-------------------------------------|
| Sale of products         | 1,51,621.35                         | 1,75,850.26                         |
| Sale of services         | 321.20                              | -                                   |
| Other operating revenues |                                     |                                     |
| -Scrap sale              | 684.45                              | 920.46                              |
| -Export income           | 463.21                              | 538.62                              |
| <b>Total</b>             | <b>1,53,090.21</b>                  | <b>1,77,309.34</b>                  |



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 24. Other income

| Particulars  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| <b>Other non operating income</b>                              |                                     |                                     |
| Interest income on:  |                                     |                                     |
| - Bank deposits  | 428.96                              | 711.42                              |
| - Others   | 21.24                               | 16.77                               |
| Rental income  | 7.70                                | 8.40                                |
| Dividend from equity investment                                | 255.00                              | 153.00                              |
| Gain on sale of property, plant & equipment (net)              | -                                   | 22.96                               |
| Foreign exchange gain including mark to market valuation (net) | -                                   | 11.86                               |
| Miscellaneous income   | 386.15                              | 332.99                              |
| <b>Total</b>   | <b>1,099.05</b>                     | <b>1,257.40</b>                     |

### 25. Cost of materials consumed

| Particulars                            | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Inventory at the beginning of the year | 4,264.08                            | 3,506.88                            |
| Add: purchases during the year         | 1,05,205.55                         | 1,18,604.51                         |
| Less: inventory at the end of the year | 4,539.58                            | 4,264.08                            |
| <b>Total</b>                           | <b>1,04,930.05</b>                  | <b>1,17,847.31</b>                  |

### 26. Purchases of stock-in-trade

| Particulars                 | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|-----------------------------|-------------------------------------|-------------------------------------|
| Purchases of stock-in-trade | 2,257.41                            | 3,442.26                            |
| <b>Total</b>                | <b>2,257.41</b>                     | <b>3,442.26</b>                     |

### 27. Changes in inventories of finished goods, work-in-progress and stock-in-trade

| Particulars                | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|----------------------------|-------------------------------------|-------------------------------------|
| <b>Opening inventories</b> |                                     |                                     |
| Work-in-progress           | 890.83                              | 1,324.76                            |
| Finished goods             | 2,939.89                            | 2,654.12                            |
| Stock-in-trade             | 8.11                                | 8.83                                |
| <b>Closing inventories</b> |                                     |                                     |
| Work-in-progress           | 1,224.08                            | 890.83                              |
| Finished goods             | 2,320.75                            | 2,939.89                            |
| Stock-in-trade             | 0.10                                | 8.11                                |
| <b>Net increase</b>        | <b>293.90</b>                       | <b>148.88</b>                       |

### 28. Employee benefit expenses

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Salaries wages and bonus                                  | 17,133.71                           | 15,230.74                           |
| Contribution to provident and other funds (refer note 39) | 1,114.88                            | 994.02                              |
| Staff welfare expenses                                    | 1,932.52                            | 2,130.99                            |
| <b>Total</b>  | <b>20,181.11</b>                    | <b>18,355.75</b>                    |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 29. Finance costs

| Particulars                                   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Interest to banks*                            | 910.81                              | 1,459.99                            |
| Interest on lease liabilities (refer note 41) | 43.38                               | -                                   |
| Interest to others                            | 12.40                               | 57.42                               |
| Bank charges                                  | 22.53                               | 34.40                               |
| <b>Total</b>                                  | <b>989.12</b>                       | <b>1,551.81</b>                     |

\* Net of interest capitalized Nil (previous year INR 19.74 lakhs)

### 30. Depreciation and amortisation expense

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Depreciation on property, plant and equipment (refer note 3A) | 6,831.55                            | 7,427.07                            |
| Amortisation on intangible assets (refer note 3B)             | 1,768.35                            | 1,632.93                            |
| Depreciation on right-of-use assets (refer note 3C & 41)      | 51.26                               | -                                   |
| <b>Total</b>  | <b>8,651.16</b>                     | <b>9,060.00</b>                     |

### 31. Other expenses

| Particulars  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Consumption of stores and spares                               | 1,831.89                            | 2,281.36                            |
| Loose tools consumed   | 1,619.36                            | 1,978.79                            |
| Power and fuel   | 1,975.65                            | 2,527.07                            |
| Repairs and maintenance  |                                     |                                     |
| -Plant & machinery   | 689.20                              | 776.18                              |
| -Buildings   | 113.15                              | 194.73                              |
| -Others  | 731.20                              | 822.11                              |
| Royalty  | 2,101.39                            | 2,376.32                            |
| Rent (refer note 41)   | 382.45                              | 423.87                              |
| Rates and taxes  | 103.42                              | 159.39                              |
| Insurance  | 199.98                              | 109.41                              |
| Travelling, conveyance and vehicle expenses                    | 473.61                              | 790.13                              |
| Communication and stationery expenses                          | 138.10                              | 256.74                              |
| Legal and professional charges                                 | 524.91                              | 586.45                              |
| Security charges   | 263.11                              | 250.79                              |
| Foreign exchange loss including mark to market valuation (net) | 192.85                              | -                                   |
| Selling expenses*  | 1,102.45                            | 2,467.36                            |
| Packing material   | 532.40                              | 591.53                              |
| CSR expenditure (refer note 35)                                | 94.56                               | 52.88                               |
| Provision on obsolescence of inventory                         | 40.00                               | 39.71                               |
| Loss on sale of property, plant & equipment (net)              | 9.35                                | -                                   |
| Director's fees, allowances and expenses                       | 56.50                               | 160.35                              |
| Payments to auditors   |                                     |                                     |
| As Auditor   |                                     |                                     |
| Statutory audit fee  | 50.00                               | 50.00                               |
| Tax audit fee  | 6.50                                | 6.50                                |
| Limited review   | 22.50                               | 22.50                               |
| Other matters  | 24.25                               | 23.27                               |
| Reimbursement of expenses                                      | 5.53                                | 9.94                                |
| Miscellaneous expenses   | 338.12                              | 473.48                              |
| <b>Total</b>   | <b>13,622.43</b>                    | <b>17,430.86</b>                    |

\* Includes warranty reversal of INR (-)247.16 lakhs (including recovery of warranty claim of INR 245.22 lakhs and net off with expenses of INR 168.16 lakhs) (previous year INR 1,038.64 lakhs)

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 32. Tax expense

| Particulars  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| <b>Income tax recognised in the statement of profit or loss:</b>       |                                     |                                     |
| <b>Current income tax</b>  |                                     |                                     |
| - In respect of the current year                                       | 1,163.34                            | 4,178.53                            |
| - In respect of the prior years  | 73.83                               | -                                   |
| <b>Deferred tax</b>  |                                     |                                     |
| - Relating to origination and reversal of temporary differences        | (723.71)                            | (305.05)                            |
| <b>Income tax expenses reported in the statement of profit or loss</b> | <b>513.46</b>                       | <b>3,873.48</b>                     |

#### 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 25.168% and the reported tax expense in Statement of Profit and Loss are as follows:

| Particulars  | For the year ended<br>31 March 2020 |                 | For the year ended<br>31 March 2019 |                  |
|--|-------------------------------------|-----------------|-------------------------------------|------------------|
| <b>Profit for the year</b>   |                                     | <b>3,264.08</b> |                                     | <b>10,729.87</b> |
| Statutory income tax rate of 25.168% (31 March 2019: 34.944%)          | 25.17%                              | 821.50          | 34.94%                              | 3,749.45         |
| Additional deduction allowed in Income tax Act for certain expenditure | 0.00%                               | -               | -0.34%                              | (36.46)          |
| Expenditure for which deduction is not allowed under income tax Act    | 1.47%                               | 48.12           | 1.79%                               | 192.44           |
| Tax on exempt income   | -1.97%                              | (64.18)         | -0.50%                              | (53.46)          |
| Change in tax rate for future period considered for deferred tax       | -6.93%                              | (226.18)        | 0.00%                               | -                |
| Tax pertaining to earlier years  | -2.26%                              | (73.83)         | 0.00%                               | -                |
| Other deductions   | 0.25%                               | 8.03            | 0.20%                               | 21.52            |
| <b>Effective tax rate</b>  | <b>15.73%</b>                       | <b>513.46</b>   | <b>36.10%</b>                       | <b>3,873.48</b>  |

The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the year ended 31 March 2020 and re-measured its Deferred tax assets/ liabilities basis the rate prescribed in the said section. The impact of its change has been recognised during the year.

#### Income tax recognised in Other Comprehensive Income

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| <b>Deferred tax related to items recognised in OCI during the year:</b> |                                     |                                     |
| Loss on remeasurement of defined benefit obligation                     | 78.21                               | 57.50                               |
| Effective portion of gain on cash flow hedge instruments                | (8.97)                              | (51.04)                             |
| <b>Income tax expenses reported in Other Comprehensive Income</b>       | <b>69.24</b>                        | <b>6.46</b>                         |

### 33. Earnings per equity share

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| <b>Profit attributable to equity shareholders</b>                           | 2,750.62                            | 6,856.39                            |
| Basic average number of equity shares outstanding during the year (Nos.)    | 244,480,469                         | 244,480,469                         |
| Weighted average number of equity shares outstanding during the year (Nos.) | 244,480,469                         | 244,480,469                         |
| Nominal value of equity shares in INR                                       | 1.00                                | 1.00                                |
| Earnings per equity share in INR  |                                     |                                     |
| Basic   | 1.13                                | 2.80                                |
| Diluted   | 1.13                                | 2.80                                |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 34. Group Information

The Company has following investment in subsidiary:

| Name of the entity  | Principal place of business | Relationship | Percentage of ownership interest |                     |
|---|-----------------------------|--------------|----------------------------------|---------------------|
|   |                             |              | As at 31 March 2020              | As at 31 March 2019 |
| JTEKT Fuji Kiko Automotive India Limited<br>(formerly known as Sona Fuji Kiko Automotive Ltd) | India                       | Subsidiary   | 51.00%                           | 51.00%              |

### 35. Expenditure on Corporate Social Responsibility (CSR)

| Particulars  | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|----------------------------------|----------------------------------|
| Gross amount required to be spent by the Company as per Section 135 of the Companies Act, 2013 | 187.63                           | 161.57                           |
| <b>Amount spent during the year on:</b>  |                                  |                                  |
| a) Construction / acquisition of any asset   | -                                | -                                |
| b) On purposes other than (a) above  | 94.56                            | 52.88                            |

### 36. Research and development expenses (R&D expenses)

| Particulars                  | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|------------------------------|----------------------------------|----------------------------------|
| Travelling expenses          | 0.03                             | 1.12                             |
| Salary and allowance*        | 49.81                            | 180.27                           |
| Components, tools and spares | 7.58                             | 8.63                             |
| Others                       | 0.18                             | 1.07                             |
| <b>Total</b>                 | <b>57.60</b>                     | <b>191.09</b>                    |

\* Salary and allowance are net off recovery from holding company INR 74.87 lakhs along with markup and disclosed under sales of services.

### 37. Merger information

During the previous year ended 31 March 2019, the Scheme of Amalgamation (The Scheme) for amalgamation of Company's associate, JTEKT Sona Automotive India Limited ('JSAI') with the Company had 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 became effective from the appointed date, i.e., 1 April 2018. JSAI was engaged in the business of manufacturing Column Electric Power Steering Systems ('C-EPS') for the passenger car automobile segment in India. The amalgamation had been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combinations' and accordingly figures of JSAI have been included in the Standalone Financial Statements to record the merger from 22 June 2017 (i.e. the date when JTEKT Corporation, Japan acquired control over the company).

Further, in terms of the Scheme, during the pervious year ended 31 March 2019, 45,738,637 Ordinary (Equity) shares of INR 1 each in the Company had 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 had been transferred to Capital Reserve in the Standalone Financial Statements as at 31 March 2018.

During the previous year ended 31 March 2019, the Basic and Diluted earnings per share had 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 2020

(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          |
|---|-----------|-----------------|
| <b>A) Assets acquired on 22 June 2017</b>                 |           |                 |
| 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>B) Liabilities assumed on 22 June 2017</b>             |           |                 |
| 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       |
| <b>Net assets acquired (A-B)</b>                          |           | <b>5,668.99</b> |
| Less : Value of investment cancelled                      |           | (2,777.81)      |
| Less : Shares pending issuance                            |           | (457.38)        |
| <b>Net assets acquired transferred to capital reserve</b> |           | <b>2,433.80</b> |

The value of the investments of INR 2,777.81 lakhs in the equity shares of JSAL held by the company shall stand cancelled in the books of the company for the year ended 31 March 2018, without further act or deed.

## 38. Contingent liabilities and commitments (to the extent not provided for)

## A. Capital commitments

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Estimated amount of contracts remaining to be executed on capital account(net of advances) and not provided for | 1,361.82               | 1,558.15               |
| <b>Total</b>  | <b>1,361.82</b>        | <b>1,558.15</b>        |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

## B. Contingent liabilities

| Particulars   | Period covered     | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|--------------------|------------------------|------------------------|
| <b>Contingent liabilities, not acknowledged as debt, include:</b>   |                    |                        |                        |
| <b>1. Claims against the Company not acknowledged as debt on account of #:</b>  |                    |                        |                        |
| <b>(a) Excise duty matters</b>  |                    |                        |                        |
| Show cause notices received and pending with Adjudication Authority   | 2000-01 to 2018-19 | 3,021.31               | 2,689.09               |
| Cases pending before Appellate authorities in respect of which the company has filed appeals.   | 2007-08 to 2011-12 | 717.97                 | 491.76                 |
|   |                    | <b>3,739.28</b>        | <b>3,180.85</b>        |
| <b>(b) Service tax matters</b>  |                    |                        |                        |
| Show cause notices received and pending with Adjudication Authority   | 2004-05 to 2018-19 | 71.58                  | 67.05                  |
| Cases pending before Appellate authorities in respect of which the company has filed appeals.   | 2009-10 to 2015-16 | 7.69                   | 7.33                   |
|   |                    | <b>79.27</b>           | <b>74.38</b>           |
| <b>(c) VAT matters</b>  |                    |                        |                        |
| 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 | <b>1,667.84</b>        | <b>1542.88</b>         |
| <b>(d) Customs duty matters</b>   |                    |                        |                        |
| 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                 |
|   |                    | <b>-</b>               | <b>319.27</b>          |
| <b>(e) Stamp Duty matters</b>   |                    |                        |                        |
| Stamp duty in connection with Scheme of Amalgamation approved by Hon'ble NCLT pending for adjudication with Sub Divisional Magistrate, Revenue Department, Delhi  |                    | <b>1,515.82</b>        | <b>1,515.82</b>        |
| <b>(f) Income tax matters</b>   |                    |                        |                        |
| 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 2016-17 | <b>44.78</b>           | <b>49.91</b>           |
| <b>2. Customer bills discounted</b>   |                    |                        |                        |
|   |                    | <b>-</b>               | <b>1,283.38</b>        |
| <b>3. Letter of credit opened by banks for purchase of inventory / capital goods</b>  |                    |                        |                        |
|   |                    | <b>7.46</b>            | <b>2.77</b>            |
| <b>Total</b>  |                    | <b>7,054.45</b>        | <b>7,969.26</b>        |

### Contribution to provident fund

Pursuant to 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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

regard, the Company has not recognised any provision for the previous year ended 31 March 2019. 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.

### 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<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| a) Employer's contribution to Provident Fund                       | 626.40                              | 600.42                              |
| b) Employer's contribution to Superannuation Fund                  | 144.34                              | 216.96                              |
| c) Employer's contribution to Employee State Insurance Corporation | 31.67                               | 42.91                               |
| d) Punjab labour welfare fund (PLWF)                               | 7.75                                | 3.26                                |
|  | <b>810.16</b>                       | <b>863.55</b>                       |

#### 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<br>31 March 2020 | As at<br>31 March 2019 |
|--------------------------------------|------------------------|------------------------|
| Liability for gratuity               | 3,231.64               | 2,815.11               |
| Plan assets for gratuity             | 3,193.39               | 2,763.36               |
| <b>Net defined benefit liability</b> | <b>38.25</b>           | <b>51.75</b>           |

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 2020

(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<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Current service cost *  | 216.79                              | 186.74                              |
| Net interest cost   | 3.88                                | 0.28                                |
| Decrease in unrecognised assets                               | -                                   | -                                   |
| <b>Expense recognised in the Statement of Profit and Loss</b> | <b>220.67</b>                       | <b>187.02</b>                       |
| Actuarial loss recognised during the year                     | 310.77                              | 164.55                              |
| <b>Amount recognised in the total comprehensive income</b>    | <b>531.44</b>                       | <b>351.57</b>                       |

\* Current service cost includes contribution of LIC premium amounting to INR 8.68 lakhs (previous year INR 7.01 lakhs).

(iii) Movement in the present value of defined benefit obligation recognised in balance sheet is as under:

| Description  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>Present value of defined benefit obligation as at the start of the year</b> | <b>2,815.11</b>        | <b>2,466.15</b>        |
| Additions through business combination under common control                    | -                      | -                      |
| Current service cost   | 208.10                 | 179.73                 |
| Interest cost  | 211.13                 | 187.43                 |
| Actuarial loss on obligation   | 286.47                 | 166.85                 |
| Benefits paid  | (289.17)               | (185.05)               |
| <b>Present value of defined benefit obligation as at the end of the year</b>   | <b>3,231.64</b>        | <b>2,815.11</b>        |

(iv) Movement in the plan assets recognised in the balance sheet is as under:

| Description   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Fair Value of plan assets at start of the year</b>       | <b>2,763.36</b>        | <b>2,462.51</b>        |
| Additions through business combination under common control | -                      | -                      |
| Interest income   | 207.25                 | 187.15                 |
| Employer contribution                                       | 536.26                 | 296.45                 |
| Benefit Paid  | (289.17)               | (185.05)               |
| Actuarial gain on plan assets                               | (24.30)                | 2.30                   |
| <b>Fair Value of plan assets at the end of the year</b>     | <b>3,193.40</b>        | <b>2,763.36</b>        |

(v) Remeasurement recognised in other comprehensive income is as under:

| Description  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Actuarial loss on defined benefit obligation           | 286.47                              | 166.85                              |
| Return on plan assets excluding interest income        | 24.30                               | (2.30)                              |
| <b>Amount recognised in Other Comprehensive Income</b> | <b>310.77</b>                       | <b>164.55</b>                       |

(vi) Bifurcation of actuarial (gain)/loss on defined benefit obligation:

| Description   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Actuarial loss/(gain) from change in demographic assumption | 0.59                                | (87.47)                             |
| Actuarial loss from change in financial assumption          | 172.77                              | 19.34                               |
| Actuarial loss from experience adjustment                   | 113.11                              | 234.98                              |
| <b>Amount recognised in the Other Comprehensive Income</b>  | <b>286.47</b>                       | <b>166.85</b>                       |

(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



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

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<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Discount rate                          | 6.40%                  | 7.50%                  |
| Rate of increase in compensation level | 5.50%                  | 5.50%                  |

### 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<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------------|------------------------|------------------------|
| Mortality table               | IALM (2006-08)         | IALM (2006-08)         |
| Retirement age                |                        |                        |
| - Mr. Sudhir Chopra           | 65                     | 65                     |
| - Mr. A.D. Rao                | -                      | 65                     |
| - Mr. Rakesh Gaiind           | -                      | 65                     |
| - Mr. Subramanian Ganesh Iyer | -                      | 58                     |
| - Others                      | 58                     | 58                     |
| Attrition rate                |                        |                        |
| - Up to 30 years              | 9.80%                  | 9.67%                  |
| - 31 to 44 years              | 9.80%                  | 9.67%                  |
| - Above 44 years              | 9.80%                  | 9.67%                  |

### (viii) Sensitivity analysis for gratuity liability

| Description  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>Impact of the change in discount rate</b>       |                        |                        |
| Present value of obligation at the end of the year | 3,231.64               | 2,815.11               |
| - Impact due to increase of 1%                     | (157.79)               | (131.26)               |
| - Impact due to decrease of 1%                     | 174.00                 | 144.21                 |
| <b>Impact of the change in salary increase</b>     |                        |                        |
| Present value of obligation at the end of the year | 3,231.64               | 2,815.11               |
| - Impact due to increase of 1%                     | 173.83                 | 145.63                 |
| - Impact due to decrease of 1%                     | (160.53)               | (134.86)               |

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. Sensitivity 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.

### (ix) Maturity profile of defined benefit obligation

| Description           | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-----------------------|------------------------|------------------------|
| Within next 12 months | 437.89                 | 378.74                 |
| Between 1-2 years     | 421.70                 | 340.63                 |
| Between 2-3 years     | 365.51                 | 321.63                 |
| Between 3-4 years     | 383.05                 | 294.49                 |
| Between 4-5 years     | 309.35                 | 285.38                 |
| Above 5 years         | 1,314.13               | 1,194.59               |
| <b>Total</b>          | <b>3,231.63</b>        | <b>2,815.10</b>        |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

(x) Enterprise best estimate of contribution during next year is INR 288.95 lakhs (previous year INR 235.30 lakhs).

## C Other long-term employee benefits:

During the year ended 31 March 2020, the Company has created provision for compensated absences towards earned leave amounting to INR 270.58 lakhs (previous year expense of INR 259.79 lakhs). The Company has written back provision towards sick leave amounting to INR 0.85 lakhs (previous year INR 13.10 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                        | Period    |
|-----------------------------|-----------|
| 1. JTEKT Corporation, Japan | Full year |

### ii) Subsidiary:

| Name  | Period    |
|---|-----------|
| 1. JTEKT Fuji Kiko Automotive India Limited (formerly known as Sona Fuji Kiko Automotive Ltd) | Full year |

### iii) Key management personnel:

| Name                               | Period  | Designation                            |
|------------------------------------|---|--|
| 1. Mr Hiroshi Ii                   | w.e.f. 15 Apr 2019 up to closing hours of 31 Mar 2020 | Executive Chairman                     |
| 2. Mr. Sudhir Chopra               | w.e.f. 01 June 2019                                   | Executive Vice Chairman                |
| 3. Mr. Akihiko Kawano              | w.e.f. 01 July 2018                                   | Managing Director                      |
| 4. Mr. Hirofumi Matsuoka           | w.e.f. 11 August 2018                                 | Director                               |
| 5. Mr. Rajiv Chanana               | Full year   | Chief Financial Officer                |
| 6. Mr. Sudhir Chopra               | Up to 17 May 2019                                     | Company Secretary                      |
| 7. Mr. Sudhir Chopra               | Upto 31 May 2019                                      | Director (Corporate Affairs)           |
| 8. Mr. Nitin Sharma                | w.e.f. 18 May 2019                                    | Company Secretary                      |
| 9. Ms. Geeta Mathur                | Full year   | Independent Director                   |
| 10. Mr. Hidehito Araki             | w.e.f. 11 August 2018                                 | Independent Director                   |
| 11. Ms. Hiroko Nose                | w.e.f. 11 August 2018                                 | Independent Director                   |
| 12. Mr. Toshiya Miki               | Full year   | Nominee of Maruti Suzuki India Limited |
| 13. Mr. Inder Mohan Singh          | w.e.f. 18 May 2019                                    | Independent Director                   |
| 14. Lt. Gen. Praveen Bakshi (Retd) | w.e.f. 18 May 2019                                    | Independent Director                   |
| 15. Mr. Ravi Bhoothalingam         | Up to 9 August 2019                                   | Independent Director                   |
| 16. Mr. Hidekazu Omura             | Up to 31 March 2019                                   | Chairman                               |
| 17. Mr. Kiyozumi Kamiki            | Upto 30 June 2018                                     | Managing Director                      |
| 18. Mr. Seiho Kawakami             | Upto 10 August 2018                                   | Director                               |
| 19. Mr. Ramesh Suri                | Upto 7 July 2018                                      | Independent Director                   |
| 20. Lt. Gen S.S. Mehta (Retd)      | Up to closing hour of 31 March 2019                   | Independent Director                   |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(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   | 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 Auto AB Sweden                           | Full year |
| 10. Fuji Autotech France                         | Full year |
| 11. Koyo Joint (Xiamen) Co Limited               | Full year |
| 12. Koyo Electronics India Pvt Limited           | Full year |
| 13. PT JTEKT Indonesia                           | Full year |
| 14. JTEKT Automotive Lyon                        | Full year |
| 15. Fuji Kiko Company Limited                    | Full year |
| 16. Fuji Autotech Thailand                       | Full year |

## Transactions with the above parties:

| Particulars                             | Holding Company |               | Subsidiary   |               | Key management personnel |               | Other related parties |               | Total        |               |
|---|-----------------|---------------|--------------|---------------|--------------------------|---------------|-----------------------|---------------|--------------|---------------|
|   | Current Year    | Previous Year | Current Year | Previous Year | Current Year             | Previous Year | Current Year          | Previous Year | Current Year | Previous Year |
| Cash discount paid                      | -               | -             | -            | -             | -                        | -             | 7.02                  | 3.17          | 7.02         | 3.17          |
| Commission to director                  | -               | -             | -            | -             | 36.50                    | 50.00         | -                     | -             | 36.50        | 50.00         |
| Dividend paid                           | 1,356.48        | 619.11        | -            | -             | 0.04                     | 0.02          | 110.40                | 69.00         | 1,466.92     | 688.13        |
| Dividend received                       | -               | -             | 255.00       | 153.00        | -                        | -             | -                     | -             | 255.00       | 153.00        |
| Interest income                         | -               | -             | -            | -             | -                        | -             | 16.93                 | 6.91          | 16.93        | 6.91          |
| Purchase of capital goods               | -               | -             | 10.40        | 122.98        | -                        | -             | 158.11                | 176.24        | 168.51       | 299.22        |
| Purchase of goods                       | 5,419.29        | 6,684.45      | 12,786.12    | 12,932.59     | -                        | -             | 5,283.17              | 6,352.74      | 23,488.58    | 25,969.78     |
| Receiving of services                   | 50.37           | 73.27         | -            | 4.61          | -                        | -             | 0.96                  | 4.32          | 51.33        | 82.20         |
| Reimbursement of expenses recovered     | 34.72           | 50.82         | 48.35        | 17.23         | -                        | -             | 101.77                | 29.84         | 184.84       | 97.89         |
| Reimbursement of expenses paid          | 1,237.33        | 193.85        | -            | 1.13          | -                        | -             | 24.53                 | 4.26          | 1,261.86     | 199.24        |
| Royalty                                 | 2,101.39        | 2,376.32      | -            | -             | -                        | -             | -                     | -             | 2,101.39     | 2,376.32      |
| Sale of capital goods                   | -               | -             | 27.61        | 22.74         | -                        | -             | -                     | -             | 27.61        | 22.74         |
| Sale of goods                           | 35.78           | 38.75         | 2,630.55     | 2,706.37      | -                        | -             | 107,372.67            | 113,639.28    | 110,039.00   | 116,384.40    |
| Sale of services                        | 321.20          | -             | -            | -             | -                        | -             | -                     | -             | 321.20       | -             |
| Director sitting fee                    | -               | -             | -            | -             | 17.25                    | 50.35         | 1.77                  | -             | 19.02        | 50.35         |
| Short-term employee benefits            | -               | -             | -            | -             | 553.00                   | 316.75        | -                     | -             | 553.00       | 316.75        |
| Post employment gratuity                | -               | -             | -            | -             | 24.08                    | 5.72          | -                     | -             | 24.08        | 5.72          |
| Technical support fee                   | 266.70          | 973.43        | -            | -             | -                        | -             | -                     | -             | 266.70       | 973.43        |
| Technicians expenses                    | 7.21            | -             | -            | -             | -                        | -             | -                     | -             | 7.21         | -             |
| Corporate guarantee on loans from bank* | 2,145.10        | 322.52        | -            | -             | -                        | -             | -                     | -             | 2,145.10     | 322.52        |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

| Outstanding balances         | Holding Company |               | Subsidiary   |               | Key management personnel |               | Other related parties |               | Total        |               |
|------------------------------|-----------------|---------------|--------------|---------------|--------------------------|---------------|-----------------------|---------------|--------------|---------------|
|                              | Current Year    | Previous Year | Current Year | Previous Year | Current Year             | Previous Year | Current Year          | Previous Year | Current Year | Previous Year |
| Outstanding Balance (Debit)  | 294.73          | 7.21          | 214.92       | 264.42        | -                        | -             | 8,260.69              | 10,885.29     | 8,770.34     | 11,156.92     |
| Outstanding Balance (Credit) | 3,295.49        | 2,770.73      | 858.93       | 1,138.26      | 0.68                     | 0.34          | 518.92                | 687.30        | 4,674.02     | 4,596.63      |

\* Loans of INR 2,145.10 lakhs (31 March 2019 : INR Nil) against the corporate guarantee given by the holding company, JTEKT Corporation, Japan.

### 41. Lease related disclosures

The Company has leases for land, office buildings, warehouses and related facilities, cars and other office equipments. With the exception of short-term leases, leases of low-value underlying assets and leases with variable lease payments, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company is required to pay maintenance fees in accordance with the lease contracts.

#### A. Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

| Particulars                | 31 March 2020 |
|----------------------------|---------------|
| Short-term leases          | 367.78        |
| Leases of low value assets | 14.67         |
| Variable lease payments    | -             |
| <b>Total</b>               | <b>382.45</b> |

#### B. Lease under Ind AS 116 for the year ended 31 March 2020

The Details of the right-of-use assets held by the Company is as follows:

| Particulars    | Depreciation charge for the year | Net carrying amount |
|----------------|----------------------------------|---------------------|
| Leasehold land | 4.24                             | 102.57              |
| Buildings      | 47.02                            | 40.42               |
| <b>Total</b>   | <b>51.26</b>                     | <b>142.99</b>       |

#### C. Amount recognised in Statements of Profit & Loss

| Particulars  | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|----------------------------------|----------------------------------|
| Depreciation on right-of-use assets                    | 51.26                            | -                                |
| Interest on lease liabilities                          | 43.38                            | -                                |
| Rental expenses relating to short term leases          | 367.78                           | -                                |
| Rental expenses relating to leases of low value assets | 14.67                            | -                                |
| <b>Total</b>   | <b>477.09</b>                    | <b>-</b>                         |

#### D. Amount recognised in Statements of cash flows

| Particulars                        | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|------------------------------------|----------------------------------|----------------------------------|
| Total Cash out flow for the leases | 78.85                            | -                                |

E. The weighted average incremental borrowing rate applied to lease liabilities as at 1 April 2019 is 9.95%.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### F. Maturity of lease liabilities

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

| 31 March 2020             | Minimum lease payments due |             |           |           |           |                   | Total         |
|---------------------------|----------------------------|-------------|-----------|-----------|-----------|-------------------|---------------|
|                           | Within 1 year              | 1-2 years   | 2-3 years | 3-4 years | 4-5 years | More than 5 years |               |
| Lease payments            | 42.76                      | 4.36        | -         | -         | -         | 1,171.89          | 1,219.01      |
| Interest expense          | 2.19                       | 0.16        | -         | -         | -         | 800.16            | 802.51        |
| <b>Net present values</b> | <b>40.57</b>               | <b>4.20</b> | -         | -         | -         | <b>371.73</b>     | <b>416.50</b> |

### G. Impact on transition

- Effective 1 April 2019, the Company adopted Ind AS-116 "Leases", applied to all lease contracts existing as on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of INR 194.25 lakhs and a lease liability of INR 451.97 lakhs. The cumulative effect of applying the standard resulted in INR 167.66 lakhs being debited to the retained earnings, net of taxes of INR 90.06 lakhs. Accordingly, the Statement of Profit and Loss for the year ended 31 March 2020 includes INR 51.26 Lakhs towards amortisation of Right-to-Use Assets and INR 43.38 Lakhs as finance cost in relation to unwinding of discount on lease liability with a corresponding impact on rent expense which has reduced by INR 78.85 Lakhs due to recognition of operating leases as Right-of-Use Assets and a corresponding lease liability. The net impact on profit after tax for the year ended 31 March 2020 is INR 11.89 Lakhs and related impact on earnings per share is INR 0.005 per share (Basic and diluted).
- For contracts in place as at 1 April 2019, Company has elected to apply the definition of a lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.
- The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being 1 April 2019.
- Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of Ind AS 116.
- On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.
- For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 immediately before the date of initial application.
- The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.
- The difference between the operating lease commitments disclosed applying Ind AS 17 as at 31 March 2019 in the standalone financial statements for the year then ended and the lease liabilities recognised as at 1 April 2019 in these standalone financial statements is primarily on account of inclusion of extension and termination options reasonably certain to be exercised and exclusion of short term leases for which the Company recognises lease payments as an operating expenses on a straight-line basis over the term of lease, in measuring the lease liability in accordance with Ind AS 116.

### H. Leases under IND AS-17 for the year ended 31 March 2019

#### 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:

| Particulars  | For the year ended<br>31 March 2019 |
|--|-------------------------------------|
| Lease payments for the year recognised in the Statement of Profit and Loss | 423.87                              |
| <b>Minimum lease payments:</b>   |                                     |
| - Not later than one year  | 54.84                               |
| - Later than one year but not later than five years                        | 29.05                               |
| <b>Total</b>   | <b>83.89</b>                        |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

## 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<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| <b>Revenue from external customers</b> |                                     |                                     |
| India                                  | 143,294.32                          | 166,785.01                          |
| Abroad                                 | 9,795.89                            | 10,524.33                           |
| <b>Total</b>                           | <b>153,090.21</b>                   | <b>177,309.34</b>                   |

#### Non current assets

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--------------|------------------------|------------------------|
| India        | 46,937.85              | 51,949.01              |
| Abroad       | -                      | -                      |
| <b>Total</b> | <b>46,937.85</b>       | <b>51,949.01</b>       |

#### 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 Company is in the process of updating the documentation of the international transactions entered into with the associated enterprises from April 2019 and expects such records to be in existence latest by November 2020 as required by law. 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 22 June 2020, proposed a dividend of INR 855.68 lakhs (INR 0.35 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 2020

(All amount are in INR lakhs, unless otherwise stated)

### 45. Assets pledged as security

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Current assets</b>                               |                        |                        |
| Financial assets                                    |                        |                        |
| <i>Pari-passu charge</i>                            |                        |                        |
| - Trade receivables                                 | 19,639.08              | 27,093.33              |
| - Cash and cash equivalents                         | 4,556.69               | 11,221.13              |
| - Other bank balances                               | 129.00                 | 156.72                 |
| - Loans   | 109.03                 | 132.51                 |
| - Other financial assets                            | 155.68                 | 798.93                 |
| Inventories   | 10,783.92              | 10,445.47              |
| Other current assets                                | 1,345.85               | 1,556.64               |
| <b>Total current assets pledged as security</b>     | <b>36,719.25</b>       | <b>51,404.73</b>       |
| <b>Non-current assets</b>                           |                        |                        |
| <i>Pari-passu charge</i>                            |                        |                        |
| - Property, plant and equipment                     | 30,763.27              | 34,112.00              |
| - Capital work-in-progress                          | 151.15                 | 876.94                 |
| - Intangible assets                                 | 4,626.88               | 5,607.68               |
| - Intangible assets under development               | -                      | 55.20                  |
| - Loans   | 252.78                 | 315.04                 |
| - Other financial assets                            | -                      | 40.31                  |
| - Income tax assets                                 | 893.85                 | 569.15                 |
| - Other non-current assets                          | 155.73                 | 112.84                 |
| <b>Total non-current assets pledged as security</b> | <b>36,843.66</b>       | <b>41,689.16</b>       |
| <b>Total assets pledged as security</b>             | <b>73,562.91</b>       | <b>93,093.89</b>       |

### 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

- recognised and measured at fair value and
- 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 within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1:** quoted 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 2020

(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 2020 |              |               |                  | As at 31 March 2019 |          |              |                  |
|---|------|--------------------|---------------------|--------------|---------------|------------------|---------------------|----------|--------------|------------------|
|   |      |                    | Carrying amount     | FVTPL        | FVOCI         | Amortised cost   | Carrying amount     | FVTPL    | FVOCI        | Amortised cost   |
| <b>Financial assets</b>                       |      |                    |                     |              |               |                  |                     |          |              |                  |
| <b>Non current</b>                            |      |                    |                     |              |               |                  |                     |          |              |                  |
| Loans   |      |                    |                     |              |               |                  |                     |          |              |                  |
| - Security deposits                           | b    |                    | 248.64              | -            | -             | 248.64           | 304.13              | -        | -            | 304.13           |
| - Loan to employees                           | b    |                    | 4.14                | -            | -             | 4.14             | 10.91               | -        | -            | 10.91            |
| Other financial assets                        |      |                    |                     |              |               |                  |                     |          |              |                  |
| - Interest rate swaps used for hedging        | d    | 2                  | -                   | -            | -             | -                | 40.31               | -        | 40.31        | -                |
| <b>Current</b>                                |      |                    |                     |              |               |                  |                     |          |              |                  |
| Trade receivables                             | a    |                    | 19,639.08           | -            | -             | 19,639.08        | 27,093.33           | -        | -            | 27,093.33        |
| Cash and cash equivalents                     | a    |                    | 4,556.69            | -            | -             | 4,556.69         | 11,221.13           | -        | -            | 11,221.13        |
| Other bank balances                           | a    |                    | 129.00              | -            | -             | 129.00           | 156.72              | -        | -            | 156.72           |
| Loans   |      |                    |                     |              |               |                  |                     |          |              |                  |
| - Security deposits                           | a    |                    | 97.04               | -            | -             | 97.04            | 68.64               | -        | -            | 68.64            |
| - Loan to employees                           | a    |                    | 11.99               | -            | -             | 11.99            | 63.87               | -        | -            | 63.87            |
| Other financial assets                        |      |                    |                     |              |               |                  |                     |          |              |                  |
| - Interest accrued but not due on deposits    | a    |                    | 9.63                | -            | -             | 9.63             | 8.55                | -        | -            | 8.55             |
| - Forward exchange contracts used for hedging | d    | 2                  | 35.04               | 35.04        | -             | -                | -                   | -        | -            | -                |
| - Interest rate swaps used for hedging        | d    | 2                  | 111.01              | -            | 111.01        | -                | 52.40               | -        | 52.40        | -                |
| - Unbilled revenue                            | a    |                    | -                   | -            | -             | -                | 737.98              | -        | -            | 737.98           |
| <b>Total</b>                                  |      |                    | <b>24,842.26</b>    | <b>35.04</b> | <b>111.01</b> | <b>24,696.21</b> | <b>39,757.97</b>    | <b>-</b> | <b>92.71</b> | <b>39,665.26</b> |

| Particulars  | Note | Level of hierarchy | As at 31 March 2020 |          |          |                  | As at 31 March 2019 |              |          |                  |
|--|------|--------------------|---------------------|----------|----------|------------------|---------------------|--------------|----------|------------------|
|  |      |                    | Carrying amount     | FVTPL    | FVOCI    | Amortised cost   | Carrying amount     | FVTPL        | FVOCI    | Amortised cost   |
| <b>Financial liabilities</b>   |      |                    |                     |          |          |                  |                     |              |          |                  |
| <b>Non current</b>   |      |                    |                     |          |          |                  |                     |              |          |                  |
| Borrowings   | c    |                    | 1,609.06            | -        | -        | 1,609.06         | 4,744.93            | -            | -        | 4,744.93         |
| Lease liability  | c    |                    | 375.93              | -        | -        | 375.93           | -                   | -            | -        | -                |
| <b>Current</b>   |      |                    |                     |          |          |                  |                     |              |          |                  |
| Borrowings   | c    |                    | 3,318.33            | -        | -        | 3,318.33         | 8,887.62            | -            | -        | 8,887.62         |
| Lease liability  | c    |                    | 40.57               | -        | -        | 40.57            | -                   | -            | -        | -                |
| Trade payable  |      |                    |                     |          |          |                  |                     |              |          |                  |
| - Total outstanding dues of micro enterprises and small enterprises                      | a    |                    | 163.71              | -        | -        | 163.71           | 247.34              | -            | -        | 247.34           |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | a    |                    | 14,344.94           | -        | -        | 14,344.94        | 20,882.57           | -            | -        | 20,882.57        |
| Other financial liabilities  |      |                    |                     |          |          |                  |                     |              |          |                  |
| - Current maturities of long-term borrowings   | a    |                    | 2,469.12            | -        | -        | 2,469.12         | 5,205.72            | -            | -        | 5,205.72         |
| - Interest accrued but not due on borrowings   | a    |                    | 20.56               | -        | -        | 20.56            | 23.09               | -            | -        | 23.09            |
| - Security deposits  | a    |                    | 16.30               | -        | -        | 16.30            | 46.69               | -            | -        | 46.69            |
| - Unclaimed dividends  | a    |                    | 223.26              | -        | -        | 223.26           | 230.91              | -            | -        | 230.91           |
| - Forward exchange contracts used for hedging  | d    | 2                  | -                   | -        | -        | -                | 96.03               | 96.03        | -        | -                |
| - Employee dues  | a    |                    | 950.48              | -        | -        | 950.48           | 1,092.18            | -            | -        | 1,092.18         |
| - Creditors for capital goods  | a    |                    | 489.67              | -        | -        | 489.67           | 449.03              | -            | -        | 449.03           |
| <b>Total</b>   |      |                    | <b>24,021.93</b>    | <b>-</b> | <b>-</b> | <b>24,021.93</b> | <b>41,906.11</b>    | <b>96.03</b> | <b>-</b> | <b>41,810.08</b> |

- 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.
- 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.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

- 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 2020 and 31 March 2019.

### 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 components for passenger and utility 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.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

| 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 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<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------|------------------------|------------------------|
| Loans                   | 109.03                 | 132.51                 |
| Other financials assets | 155.68                 | 798.93                 |

#### (b) The ageing analysis of trade receivables for which loss allowance is measured using Life time expected credit losses as at the reporting data is as follows:

| Particulars                                     | As at<br>31 March 2020 | 0-6 months | 6-12 months | More than<br>12 months |
|---|------------------------|------------|-------------|------------------------|
| Gross carrying amount                           | 19,639.08              | 19,569.79  | 58.06       | 11.23                  |
| Expected credit loss (Loss allowance provision) | -                      | -          | -           | -                      |
| Carrying amount of trade receivables            | 19,639.08              | 19,569.79  | 58.06       | 11.23                  |

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

| Particulars                                     | As at<br>31 March 2020 | 0-6 months | 6-12 months | More than<br>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                  |

(c) The Company's exposure to credit risk for trade receivable by geographic region is as follows:

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--------------|------------------------|------------------------|
| India        | 17,956.81              | 24,843.88              |
| USA          | 1,562.25               | 1,972.15               |
| France       | 113.64                 | 236.09                 |
| Japan        | 5.48                   | 7.03                   |
| UK           | -                      | 31.69                  |
| Korea        | 0.90                   | 2.49                   |
| <b>Total</b> | <b>19,639.08</b>       | <b>27,093.33</b>       |

*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 2020 and 31 March 2019 is re-presented 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.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

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 2020                                    | Contractual cash flows                        |                         |                 |                 |                              |
|--|---|-------------------------|-----------------|-----------------|------------------------------|
|  | Carrying value<br>as at 31 March 2020         | Less than 1 year        | 1-2 year        | 2-3 year        | More than<br>3 years         |
| <b>Non derivative financial liabilities</b>      |   |                         |                 |                 |                              |
| Borrowings                                       | 7,417.07                                      | 5,679.12                | 991.39          | 619.23          | -                            |
| Trade payables                                   | 14,508.65                                     | 14,508.65               | -               | -               | -                            |
| Lease liability                                  | 416.50  | 40.57                   | 4.20            | -               | 371.73                       |
| Other financial liabilities                      |   |                         |                 |                 |                              |
| - Security deposits                              | 16.30   | 16.30                   | -               | -               | -                            |
| - Unclaimed dividends                            | 223.26  | 223.26                  | -               | -               | -                            |
| - Employee dues                                  | 950.48  | 950.48                  | -               | -               | -                            |
| - Creditors for capital goods                    | 489.67  | 489.67                  | -               | -               | -                            |
| <b>Derivative financial liabilities</b>          |   |                         |                 |                 |                              |
| Other financial liabilities                      |   |                         |                 |                 |                              |
| - Forward exchange contracts used<br>for hedging | -   | -                       | -               | -               | -                            |
| <b>Total</b>                                     | <b>24,021.93</b>                              | <b>21,908.05</b>        | <b>995.59</b>   | <b>619.23</b>   | <b>371.73</b>                |
| <b>31 March 2019</b>                             | <b>Contractual cash flows</b>                 |                         |                 |                 |                              |
|  | <b>Carrying value<br/>as at 31 March 2019</b> | <b>Less than 1 year</b> | <b>1-2 year</b> | <b>2-3 year</b> | <b>More than<br/>3 years</b> |
| <b>Non derivative financial liabilities</b>      |   |                         |                 |                 |                              |
| 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                  | -               | -               | -                            |
| <b>Derivative financial liabilities</b>          |   |                         |                 |                 |                              |
| Other financial liabilities                      |   |                         |                 |                 |                              |
| - Forward exchange contracts used<br>for hedging | 96.03   | 96.03                   | -               | -               | -                            |
| <b>Total</b>                                     | <b>41,906.11</b>                              | <b>37,854.38</b>        | <b>2,937.41</b> | <b>1,403.98</b> | <b>886.35</b>                |

### 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 2020 and 31 March 2019. 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 2020.

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 2020 and 31 March 2019.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(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 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:

| Particulars                  | As at<br>31 March 2020 |              | As at<br>31 March 2019 |              |
|------------------------------|------------------------|--------------|------------------------|--------------|
|                              | Foreign<br>currency    | Rupee<br>INR | Foreign<br>currency    | Rupee<br>INR |
| <b>Financial assets</b>      |                        |              |                        |              |
| Receivables (trade & others) |                        |              |                        |              |
| USD                          | 20.83                  | 1,563.15     | 29.17                  | 2,006.41     |
| EURO                         | 1.38                   | 113.64       | 3.08                   | 236.09       |
| JPY                          | 7.97                   | 5.48         | 11.35                  | 7.00         |
| <b>Financial liabilities</b> |                        |              |                        |              |
| Payables (trade & other)     |                        |              |                        |              |
| USD                          | 14.58                  | 1,106.34     | 1.59                   | 110.97       |
| EURO                         | 0.15                   | 12.96        | 0.49                   | 38.55        |
| JPY                          | 1,181.76               | 833.73       | 263.65                 | 166.89       |
| CHF                          | 0.04                   | 3.41         | -                      | -            |
| <b>Borrowings - others</b>   |                        |              |                        |              |
| USD                          | 34.52                  | 2,619.88     | 27.36                  | 1,905.13     |

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<br>31 March 2020 |              | As at<br>31 March 2019 |              |
|------------------------------|------------------------|--------------|------------------------|--------------|
|                              | Foreign<br>currency    | Rupee<br>INR | Foreign<br>currency    | Rupee<br>INR |
| <b>Financial liabilities</b> |                        |              |                        |              |
| Payables (trade & other)     |                        |              |                        |              |
| USD                          | 7.33                   | 556.33       | 5.79                   | 403.01       |
| JPY                          | 2,146.14               | 1,514.10     | 4,024.07               | 2,547.24     |
| CHF                          | -                      | -            | 0.36                   | 25.39        |
| <b>Borrowings - ECB</b>      |                        |              |                        |              |
| USD                          | 11.76                  | 898.82       | 27.06                  | 1,896.82     |
| <b>Borrowings - Others</b>   |                        |              |                        |              |
| USD                          | -                      | -            | -                      | -            |

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

The following significant exchange rates were applied at the year end:

| Particulars                          | Year end rates         |                        |
|--------------------------------------|------------------------|------------------------|
|                                      | As at<br>31 March 2020 | As at<br>31 March 2019 |
| <b>Financial assets</b>              |                        |                        |
| Receivables (trade & others)         |                        |                        |
| USD / INR                            | 75.05                  | 68.78                  |
| EURO / INR                           | 82.14                  | 76.69                  |
| JPY / INR                            | 0.69                   | 0.62                   |
| <b>Financial liabilities</b>         |                        |                        |
| Payables (trade & other)             |                        |                        |
| USD / INR                            | 75.88                  | 69.63                  |
| EURO / INR                           | 84.26                  | 78.68                  |
| JPY / INR                            | 0.71                   | 0.63                   |
| <b>Borrowings - ECB &amp; Others</b> |                        |                        |
| USD / INR                            | 75.90                  | 69.63                  |

### 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<br>31 March 2020       | As at<br>31 March 2019 | As at<br>31 March 2020       | As at<br>31 March 2019 |
| Receivables (trade & others) | Statement of profit and loss                               | USD      | 15.63                        | 20.06                  | (15.63)                      | (20.06)                |
|                              | Statement of profit and loss                               | EURO     | 1.14                         | 2.36                   | (1.14)                       | (2.36)                 |
|                              | Statement of profit and loss                               | JPY      | 0.05                         | 0.07                   | (0.05)                       | (0.07)                 |
| Payables (trade & other)     | Statement of profit and loss                               | USD      | 11.06                        | 1.11                   | (11.06)                      | (1.11)                 |
|                              | Statement of profit and loss                               | EURO     | 0.13                         | 0.39                   | (0.13)                       | (0.39)                 |
|                              | Statement of profit and loss                               | JPY      | 8.34                         | 1.67                   | (8.34)                       | (1.67)                 |
|                              | Statement of profit and loss                               | CHF      | 0.03                         | -                      | (0.03)                       | -                      |
| Borrowings - others          | Statement of profit and loss                               | USD      | 26.20                        | 19.05                  | (26.20)                      | (19.05)                |

### (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.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

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 2020 | Outstanding principal (in Foreign currency) As at 31 March 2019 |
|------------------------------------|---|----------|---|---|
| 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      | 11.76   | 27.06   |
| Forward contacts                   | Hedge taken for the purpose of hedging its foreign currency exposures in trade payables / trade receivables                               | USD      | 7.33  | 5.79  |
| Forward contacts                   | Hedge taken for the purpose of hedging its foreign currency exposures in trade payables / trade receivables                               | JPY      | 2146.14   | 4024.07   |
| Forward contacts                   | Hedge taken for the purpose of hedging its foreign currency exposures in trade payables / trade receivables                               | CHF      | 0.00  | 0.36  |

### 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.

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 2020, 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 2020 | As at 31 March 2019 |
|-------------------------|---------------------|---------------------|
| Variable rate borrowing | 6,497.69            | 16,941.45           |
| Fixed rate borrowing    | 898.82              | 1,896.82            |
| <b>Total borrowings</b> | <b>7,396.51</b>     | <b>18,838.27</b>    |

#### Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

| Particulars                                      | As at 31 March 2020 | As at 31 March 2019 |
|--|---------------------|---------------------|
| <b>Interest sensitivity*</b>                     |                     |                     |
| Interest rates – increase by 50 bps basis points | 32.49               | 84.71               |
| Interest rates – decrease by 50 bps basis points | <b>(32.49)</b>      | <b>(84.71)</b>      |

\* Holding all other variables constant

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### (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.

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Total borrowings (includes Non-Current borrowings, current borrowings and current maturities of non current borrowings) | 7,396.51               | 18,838.27              |
| Less : cash and cash equivalent   | (4,556.69)             | (11,221.13)            |
| <b>Net debt</b>   | <b>2,839.82</b>        | <b>7,617.14</b>        |
| Total equity  | 57,379.87              | 57,324.15              |
| <b>Debt ratio</b>   | <b>0.05</b>            | <b>0.13</b>            |

### 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<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Dividend not recognised at the end of the reporting period:                    |                        |                        |
| Proposed final dividend per share INR 0.35 (31 March 2019: INR 0.80 per share) | 855.68                 | 1,955.84               |



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

49. In March 2020, the World Health Organization declared COVID 19 to be a pandemic. Consequent to this, Government of India declared a national lockdown on 25 March 2020, which has impacted the business activities of the Company. The Company has assessed the impact that may result from this pandemic on its liquidity position, carrying amounts of receivables, inventories, tangible and intangible assets, investments, and other assets / liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has considered internal and external information available till the date of approval of Standalone Financial Statements and has assessed its situation.

In that context and based on the current estimates, the Company does not foresee any significant incremental risk to the recoverability of its assets or in meeting its financial obligations over the foreseeable future, given early and required steps taken to contain, project and mitigate the exposure. However, the overall economic environment, being uncertain due to COVID 19, may affect the underlying assumptions and estimates in future, which may differ from those considered as at the date of approval of these Standalone Financial Statements. The Company would closely monitor such developments in future economic conditions and consider their impact on the Standalone Financial Statements of the relevant periods.

50. 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 : 22 June 2020

For and on behalf of the Board of Directors of  
**JTEKT India Limited**  
(Formerly known as Sona Koyo Steering Systems Limited)

**Sudhir Chopra**  
Executive Vice Chairman  
DIN 00058148

**Rajiv Chanana**  
Chief Financial Officer

Place : Gurugram  
Date : 22 June 2020

**Akihiko Kawano**  
Managing Director  
DIN 08160588

**Nitin Sharma**  
Company Secretary

**Geeta Mathur**  
Independent Director  
DIN 02139552  
New Delhi

# 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 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 '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 2020, 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 2020, of its Consolidated Profit and Other Comprehensive Income, Consolidated Changes in Equity and Consolidated Cash Flows for the year then ended.

Description of Key Audit Matter

#### Revenue Recognition

See note 2.3 (i) to the Consolidated Financial statements

| The key audit matter  | How the matter was addressed in our audit   |
|---|---|
| <p>As disclosed in Note 22 and 23 to the Consolidated Financial Statements, the Group's revenue for the year ended 31 March 2020 was INR 151,935.24 Lacs (Previous year: INR 176,560.99 Lacs).</p> <p>Revenue is recognized in accordance with accounting policies as detailed in "Significant accounting policies" in the Consolidated Financial Statements.</p> <p>Revenue is significant to the Consolidated Statement of Profit and Loss and is one of key performance indicators of the Company.</p> | <p>There may be misstatements related to revenue recognition due to which the completeness, existence and accuracy of revenue recognition is identified as a key audit matter. Our audit procedures included:</p> <ul style="list-style-type: none"><li>- Assessed the revenue recognition accounting policies by comparing with applicable accounting standard;</li><li>- Evaluated the design and implementation and operating effectiveness of key controls in relation to recognition of revenue;</li><li>- Involved our experts for testing of key IT system controls which impact revenue recognition;</li><li>- Performed substantive testing by selecting samples of revenue transactions recorded during and after the year and verifying the underlying documents for their inclusion in the appropriate period; and</li><li>- Assessed the adequacy of the disclosures made in accordance with the relevant accounting standard.</li></ul> |

### 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 Consolidated Financial Statements and our auditors' report thereon.

### 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

### 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.

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, 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 and Board of Directors' Responsibilities 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 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 Management and 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 Management and 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 the respective Board of Directors 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. Auditors' 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 auditors' 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 the internal financial controls with reference to the Consolidated Financial Statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Financial Statements of which we are the independent auditors.

We remain solely responsible for our audit opinion.

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 of the Consolidated Financial Statements which describes in detail that during the previous year ended 31 March 2019, the Scheme of Arrangement ('Scheme') for merger of Company's associate, JTEKT Sona Automotive India Limited ('JSAI') with the Company had been approved by the New Delhi Bench of National Company Law Tribunal ('NCLT') vide its order dated 7 March 2019. The Scheme was effective from the appointed date of 1 April 2018, and the merger being a common control business combination, the comparative financial statements of the Company had 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 have been included in the comparative period 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:
- 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.
  - 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.
  - 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.
  - In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act.
  - On the basis of the written representations received from the directors of the Holding Company and the Subsidiary Company as on 31 March 2020 taken

on record by the Board of Directors of the Holding Company and Subsidiary Company, none of the directors of the Holding Company and Subsidiary Company, incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- With respect to the adequacy of the internal financial controls with reference to Consolidated 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 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:
- The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2020 on the Consolidated financial position of the Group. Refer Note 37 to the Consolidated Financial Statements;
  - The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020;
  - There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2020. Further, there are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Subsidiary Company incorporated in India during the year ended 31 March 2020; and
  - 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 Consolidated Financial Statements since they do not pertain to the financial year ended 31 March 2020.
- 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 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*

Place: Gurugram  
Date: 22 June 2020

Membership No. : 095109  
ICAI UDIN: 20095109AAAADT8350

## 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 2020

### 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 2020, 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 2020, 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

Place: Gurugram  
Date: 22 June 2020

Membership No. : 095109  
ICAI UDIN: 20095109AAAADT8350

# CONSOLIDATED BALANCE SHEET

## AS AT 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

| Particulars  | Notes | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|-------|------------------------|------------------------|
| <b>Assets</b>  |       |                        |                        |
| <b>Non-current assets</b>  |       |                        |                        |
| Property, plant and equipment  | 3A    | 43,344.28              | 47,229.17              |
| Capital work-in-progress   | 3A    | 195.39                 | 937.75                 |
| Intangible assets  | 3B    | 5,193.09               | 6,043.94               |
| Intangible assets under development  | 3B    | 75.23                  | 55.20                  |
| Right-of-use assets  | 3C    | 142.99                 | -                      |
| Financial assets   |       |                        |                        |
| (i) Loans  | 4     | 264.87                 | 325.99                 |
| (ii) Other financial assets  | 5     | -                      | 40.31                  |
| Income tax assets (net)  | 6     | 901.20                 | 569.51                 |
| Other non-current assets   | 7     | 158.13                 | 133.09                 |
| <b>Total non-current assets</b>  |       | <b>50,275.18</b>       | <b>55,334.96</b>       |
| <b>Current assets</b>  |       |                        |                        |
| Inventories  | 8     | 11,450.67              | 11,205.12              |
| Financial assets   |       |                        |                        |
| (i) Trade receivables  | 9     | 19,411.13              | 26,828.91              |
| (ii) Cash and cash equivalents   | 10    | 6,092.44               | 12,212.44              |
| (iii) Other bank balances  | 11    | 129.00                 | 156.72                 |
| (iv) Loans   | 4     | 109.44                 | 132.93                 |
| (v) Other financial assets   | 5     | 155.78                 | 798.93                 |
| Other current assets   | 12    | 1,377.60               | 1,617.95               |
| <b>Total current assets</b>  |       | <b>38,726.06</b>       | <b>52,953.00</b>       |
| <b>Total assets</b>  |       | <b>89,001.24</b>       | <b>108,287.96</b>      |
| <b>Equity and Liabilities</b>  |       |                        |                        |
| <b>Equity</b>  |       |                        |                        |
| Equity share capital   | 13    | 2,444.80               | 2,444.80               |
| Other equity   | 14    | 57,118.33              | 56,845.85              |
| <b>Equity attributable to the owners of the company</b>                                |       | <b>59,563.13</b>       | <b>59,290.65</b>       |
| <b>Non-controlling interests</b>   |       | <b>2,619.46</b>        | <b>2,434.39</b>        |
| <b>Total Equity</b>  |       | <b>62,182.59</b>       | <b>61,725.04</b>       |
| <b>Liabilities</b>   |       |                        |                        |
| <b>Non-current liabilities</b>   |       |                        |                        |
| Financial liabilities  |       |                        |                        |
| (i) Borrowings   | 15A   | 1,609.06               | 4,744.93               |
| (ii) Lease liability   | 16A   | 375.93                 | -                      |
| Provisions   | 17    | 946.94                 | 907.64                 |
| Deferred tax liabilities (net)   | 18    | 208.77                 | 1,113.03               |
| <b>Total non-current liabilities</b>   |       | <b>3,140.70</b>        | <b>6,765.60</b>        |
| <b>Current liabilities</b>   |       |                        |                        |
| Financial liabilities  |       |                        |                        |
| (i) Borrowings   | 15B   | 3,318.33               | 8,887.62               |
| (ii) Trade payables  | 19    |                        |                        |
| Total outstanding dues of micro enterprises and small enterprises                      |       | 186.98                 | 280.26                 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises |       | 14,170.60              | 20,492.62              |
| (iii) Lease liability  | 16A   | 40.57                  | -                      |
| (iv) Other financial liabilities   | 16B   | 4,560.84               | 7,632.33               |
| Other current liabilities  | 20    | 1,087.83               | 1,905.12               |
| Provisions   | 17    | 312.80                 | 510.87                 |
| Income tax liabilities (net)   | 21    | -                      | 88.50                  |
| <b>Total current liabilities</b>   |       | <b>23,677.95</b>       | <b>39,797.32</b>       |
| <b>Total liabilities</b>   |       | <b>26,818.65</b>       | <b>46,562.92</b>       |
| <b>Total equity and liabilities</b>  |       | <b>89,001.24</b>       | <b>108,287.96</b>      |
| 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

For and on behalf of the Board of Directors of

**JTEKT India Limited**

(Formerly known as Sona Koyo Steering Systems Limited)

**Sudhir Chopra**

Executive Vice Chairman

DIN 00058148

**Rajiv Chanana**

Chief Financial Officer

**Akihiko Kawano**

Managing Director

DIN 08160588

**Nitin Sharma**

Company Secretary

**Geeta Mathur**

Independent Director

DIN 02139552

New Delhi

Place : Gurugram  
Date : 22 June 2020

Place : Gurugram  
Date : 22 June 2020

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

| Particulars   | Notes     | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-----------|-------------------------------------|-------------------------------------|
| <b>Income</b>   |           |                                     |                                     |
| Revenue from operations   | 22        | 151,054.74                          | 175,396.58                          |
| Other income  | 23        | 880.50                              | 1,164.41                            |
| <b>Total income (I)</b>   |           | <b>151,935.24</b>                   | <b>176,560.99</b>                   |
| <b>Expenses</b>   |           |                                     |                                     |
| Cost of materials consumed  | 24        | 100,848.42                          | 114,689.58                          |
| Purchases of stock-in-trade   | 25        | 351.15                              | 834.41                              |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade   | 26        | 285.49                              | 120.77                              |
| Employee benefit expenses   | 27        | 21,357.53                           | 19,387.55                           |
| Finance costs   | 28        | 993.41                              | 1,555.11                            |
| Depreciation and amortisation expense   | 29        | 9,277.53                            | 9,594.64                            |
| Other expenses  | 30        | 14,525.55                           | 18,200.27                           |
| <b>Total expenses (II)</b>  |           | <b>147,639.08</b>                   | <b>164,382.33</b>                   |
| <b>Profit from continuing operations before share of profit of equity accounted investees and income tax (III = I - II)</b> |           | <b>4,296.16</b>                     | <b>12,178.66</b>                    |
| <b>Profit before tax (V= III + IV)</b>  |           | <b>4,296.16</b>                     | <b>12,178.66</b>                    |
| <b>Tax expenses</b>   |           |                                     |                                     |
| - Current tax   |           | 1,607.19                            | 4,632.01                            |
| - Deferred tax credit   |           | (823.19)                            | (279.51)                            |
| <b>Total tax expenses (VI)</b>  | <b>31</b> | <b>784.00</b>                       | <b>4,352.50</b>                     |
| <b>Profit for the year (VII = V - VI)</b>   |           | <b>3,512.16</b>                     | <b>7,826.16</b>                     |
| <b>Other comprehensive income</b>   |           |                                     |                                     |
| <b>Items that will not be reclassified to profit or loss</b>  |           |                                     |                                     |
| Loss on remeasurement of defined benefit obligation   |           | (326.71)                            | (160.40)                            |
| Income tax relating to the above  |           | 82.23                               | 56.29                               |
| <b>Items that will be reclassified to profit or loss</b>  |           |                                     |                                     |
| Effective portion of gain on cash flow hedge instruments  |           | 19.74                               | 146.07                              |
| Income tax relating to above  |           | (8.97)                              | (51.04)                             |
| <b>Total other comprehensive income for the year (net of tax) (VIII)</b>  |           | <b>(233.71)</b>                     | <b>(9.08)</b>                       |
| <b>Total comprehensive income for the year (IX=VII+VIII)</b>  |           | <b>3,278.45</b>                     | <b>7,817.08</b>                     |
| <b>(Comprising Profit and Other Comprehensive Income for the year)</b>  |           |                                     |                                     |
| <b>Profit for the year attributable to</b>  |           |                                     |                                     |
| (a) Owners of the Company   |           | 3,025.88                            | 7,274.19                            |
| (b) Non controlling interest  |           | 486.28                              | 551.97                              |
|   |           | <b>3,512.16</b>                     | <b>7,826.16</b>                     |
| <b>Other comprehensive income for the year attributable to</b>  |           |                                     |                                     |
| (a) Owners of the Company   |           | (227.86)                            | (10.52)                             |
| (b) Non controlling interest  |           | (5.85)                              | 1.44                                |
|   |           | <b>(233.71)</b>                     | <b>(9.08)</b>                       |
| <b>Total comprehensive income for the year</b>  |           |                                     |                                     |
| (a) Owners of the Company   |           | 2,798.02                            | 7,263.67                            |
| (b) Non controlling interest  |           | 480.43                              | 553.41                              |
|   |           | <b>3,278.45</b>                     | <b>7,817.08</b>                     |
| Earnings per equity share :   | 32        |                                     |                                     |
| Basic - Par value of INR 1 per share  |           | 1.24                                | 2.98                                |
| Diluted - Par value of INR 1 per share  |           | 1.24                                | 2.98                                |
| 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 : 22 June 2020

For and on behalf of the Board of Directors of  
**JTEKT India Limited**  
(Formerly known as Sona Koyo Steering Systems Limited)

**Sudhir Chopra**  
Executive Vice Chairman  
DIN 00058148

**Rajiv Chanana**  
Chief Financial Officer

Place : Gurugram  
Date : 22 June 2020

**Akihiko Kawano**  
Managing Director  
DIN 08160588

**Nitin Sharma**  
Company Secretary

**Geeta Mathur**  
Independent Director  
DIN 02139552  
New Delhi

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### A. Equity share capital

| Particulars                        | Note | Equity Shares             |                 |
|------------------------------------|------|---------------------------|-----------------|
|                                    |      | No. of shares<br>in Lakhs | Amount          |
| Balance as at 1 April 2019         | 13   | 2,444.80                  | 2,444.80        |
| Issued during the year             |      | -                         | -               |
| <b>Balance as at 31 March 2020</b> |      | <b>2,444.80</b>           | <b>2,444.80</b> |

### B. Other equity

|   | Attributable to owners of the Company |                    |                      |                                |                                     |   | Total<br>attributable<br>to owners<br>of the<br>Company | Attributable<br>to non<br>controlling<br>interest | Total           |   |
|---|---------------------------------------|--------------------|----------------------|--------------------------------|-------------------------------------|---|---|---|-----------------|---|
|   | Reserves and surplus                  |                    |                      |                                | Items of other comprehensive income |   |   |   |                 |   |
|   | Securities<br>Premium                 | General<br>reserve | Capital<br>reserve * | Share<br>pending<br>issuance * | Retained<br>earnings                | Remeasurement<br>of employee<br>benefit obligations |   |   |                 | Effective<br>portion of cash<br>flow hedges |
| <b>Balance as at 31 March 2018</b>                                  | <b>8,070.76</b>                       | <b>8,190.71</b>    | <b>2,434.23</b>      | <b>457.38</b>                  | <b>33,411.90</b>                    | -   | (110.36)  | <b>52,454.62</b>                                  | <b>2,058.20</b> | <b>54,512.82</b>                            |
| Profit for the year   | -                                     | -                  | -                    | -                              | 7,274.19                            | -   | -   | 7,274.19  | 551.97          | 7,826.16                                    |
| Other comprehensive income<br>(net of tax)                          | -                                     | -                  | -                    | -                              | -                                   | (105.55)  | 95.03   | (10.52)   | 1.44            | (9.08)                                      |
| <b>Total comprehensive income for<br/>the year</b>                  | -                                     | -                  | -                    | -                              | <b>7,274.19</b>                     | <b>(105.55)</b>                                     | <b>95.03</b>  | <b>7,263.67</b>                                   | <b>553.41</b>   | <b>7,817.08</b>                             |
| <b>Transferred to retained earnings</b>                             | -                                     | -                  | -                    | -                              | <b>(105.55)</b>                     | <b>105.55</b>                                       | -   | -   | -               | -   |
| Additions through business<br>combination under common<br>control * | -                                     | -                  | -                    | (457.38)                       | -                                   | -   | -   | (457.38)  | -               | (457.38)                                    |
| Contribution by and distribution to<br>owner                        |                                       |                    |                      |                                |                                     |   |   |   |                 |   |
| Dividend on equity shares   | -                                     | -                  | -                    | -                              | (1,861.18)                          | -   | -   | (1,861.18)  | (147.00)        | (2,008.18)                                  |
| Dividend Distribution Tax<br>(DDT) - refer note 1                   | -                                     | -                  | -                    | -                              | (553.88)                            | -   | -   | (553.88)  | (30.22)         | (584.10)                                    |
| <b>Balance as at 31 March 2019</b>                                  | <b>8,070.76</b>                       | <b>8,190.71</b>    | <b>2,434.23</b>      | -                              | <b>38,165.48</b>                    | -   | <b>(15.33)</b>  | <b>56,845.85</b>                                  | <b>2,434.39</b> | <b>59,280.24</b>                            |
| Transition impact of Ind AS 116#                                    | -                                     | -                  | -                    | -                              | (167.66)                            | -   | -   | (167.66)  | -               | (167.66)                                    |
| Profit for the year   | -                                     | -                  | -                    | -                              | 3,025.88                            | -   | -   | 3,025.88  | 486.28          | 3,512.16                                    |
| Other comprehensive income<br>(net of tax)                          | -                                     | -                  | -                    | -                              | -                                   | (238.64)  | 10.77   | (227.87)  | (5.85)          | (233.72)                                    |
| <b>Total comprehensive income for<br/>the year</b>                  | -                                     | -                  | -                    | -                              | <b>2,858.22</b>                     | <b>(238.64)</b>                                     | <b>10.77</b>  | <b>2,630.35</b>                                   | <b>480.43</b>   | <b>3,110.78</b>                             |
| <b>Transferred to retained earnings</b>                             | -                                     | -                  | -                    | -                              | <b>(238.64)</b>                     | <b>238.64</b>                                       | -   | -   | -               | -   |
| Deletion during the year  | -                                     | -                  | -                    | -                              | -                                   | -   | -   | -   | -               | -   |
| Contribution by and distribution<br>to owner                        |                                       |                    |                      |                                |                                     |   |   |   |                 |   |
| Dividend on equity shares   | -                                     | -                  | -                    | -                              | (1,955.84)                          | -   | -   | (1,955.84)  | (245.00)        | (2,200.84)                                  |
| Dividend Distribution Tax<br>(DDT) - refer note 1                   | -                                     | -                  | -                    | -                              | (402.03)                            | -   | -   | (402.03)  | (50.36)         | (452.39)                                    |
| <b>Balance as at 31 March 2020</b>                                  | <b>8,070.76</b>                       | <b>8,190.71</b>    | <b>2,434.23</b>      | -                              | <b>38,427.19</b>                    | -   | <b>(4.56)</b>   | <b>57,118.33</b>                                  | <b>2,619.46</b> | <b>59,737.79</b>                            |

#### Note:

- During the year ended 31 March 2020 and 31 March 2019, 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.
- Refer note 14 for nature and purpose of other equity.

\* Refer note 36

# Refer note 40

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 : 22 June 2020

For and on behalf of the Board of Directors of  
**JTEKT India Limited**  
(Formerly known as Sona Koyo Steering Systems Limited)

**Sudhir Chopra**  
Executive Vice Chairman  
DIN 00058148

**Rajiv Chanana**  
Chief Financial Officer

Place : Gurugram  
Date : 22 June 2020

**Akihiko Kawano**  
Managing Director  
DIN 08160588

**Nitin Sharma**  
Company Secretary

**Geeta Mathur**  
Independent Director  
DIN 02139552  
New Delhi



## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| <b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>  |                                     |                                     |
| <b>1. Profit before tax</b>   | <b>4,296.16</b>                     | <b>12,178.66</b>                    |
| <b>2. Adjustments for:</b>  |                                     |                                     |
| Depreciation and amortisation expense   | 9,277.52                            | 9,594.64                            |
| Interest income   | (509.01)                            | (783.21)                            |
| Loss / (Profit) on disposal of property, plant and equipment (net)                        | 12.48                               | (23.40)                             |
| Provision on obsolescence of inventory  | 40.00                               | 39.71                               |
| Interest expenses   | 993.17                              | 1,519.44                            |
| Unrealized foreign exchange loss / (gain)   | 43.91                               | (137.28)                            |
| <b>3. Operating profit before changes in following assets and liabilities (1+2)</b>       | <b>14,154.23</b>                    | <b>22,388.56</b>                    |
| <b>4. Changes in operating assets and liabilities</b>                                     |                                     |                                     |
| Decrease / (Increase) in loans  | 84.61                               | (177.36)                            |
| (Increase) in inventories   | (285.53)                            | (1,164.40)                          |
| Decrease / (Increase) in other financial assets   | 737.89                              | (357.45)                            |
| Decrease in other assets  | 277.79                              | 193.25                              |
| Decrease / (Increase) in trade receivables  | 7,558.42                            | (1,238.78)                          |
| (Decrease) in other financial liabilities   | (185.93)                            | (202.84)                            |
| (Decrease) / Increase in other liabilities  | (817.29)                            | 878.70                              |
| (Decrease) / Increase in trade payables   | (6,593.89)                          | 3,042.28                            |
| (Decrease) in provision   | (469.53)                            | (64.67)                             |
| <b>5. Cash generated from operating activities (3+4)</b>                                  | <b>14,460.77</b>                    | <b>23,297.29</b>                    |
| <b>6. Income tax paid (net of refunds)</b>  | <b>(2,024.00)</b>                   | <b>(4,917.79)</b>                   |
| <b>7. Net cash flow generated from operating activities (5-6)</b>                         | <b>12,436.77</b>                    | <b>18,379.50</b>                    |
| <b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>  |                                     |                                     |
| Purchase of property, plant and equipment   | (2,851.88)                          | (5,470.98)                          |
| Proceeds from disposal of property, plant and equipment                                   | 112.54                              | 527.68                              |
| Purchase of intangible assets   | (1,158.06)                          | (1,797.92)                          |
| Proceeds from redemption of deposit with maturity after 12 months from the reporting date | 27.72                               | 7,606.90                            |
| Interest received   | 511.81                              | 774.18                              |
| <b>Net cash (used in)/ generated from investing activities</b>                            | <b>(3,357.87)</b>                   | <b>1,639.86</b>                     |
| <b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>  |                                     |                                     |
| Repayment of long term borrowings   | (5,872.44)                          | (5,870.96)                          |
| (Repayment)/ proceeds of short-term borrowings (net)                                      | (5,722.30)                          | 1,470.96                            |
| Dividend paid (including dividend distribution tax)                                       | (2,653.23)                          | (2,592.27)                          |
| Interest paid   | (950.93)                            | (1,549.76)                          |
| <b>Net cash used in financing activities</b>  | <b>(15,198.90)</b>                  | <b>(8,542.03)</b>                   |
| <b>(D) (Decrease) / Increase in cash and cash equivalents (A+B+C)</b>                     | <b>(6,120.00)</b>                   | <b>11,477.33</b>                    |
| Cash and cash equivalents at the beginning of the year                                    | 12,212.44                           | 735.11                              |
| <b>Cash and cash equivalents at the end of the year</b>                                   | <b>6,092.44</b>                     | <b>12,212.44</b>                    |
| <b>Cash and cash equivalents include :</b>  |                                     |                                     |
| Balances with banks:  |                                     |                                     |
| – In current accounts   | 537.41                              | 404.82                              |
| – In cash credit accounts   | 1.31                                | -                                   |
| – In dividend accounts#   | 223.26                              | 230.91                              |
| Bank deposits with original maturity less than 3 months                                   | 5,323.00                            | 11,567.00                           |
| Cash on hand  | 7.46                                | 9.71                                |
| <b>Cash and cash equivalents at the end of the year</b>                                   | <b>6,092.44</b>                     | <b>12,212.44</b>                    |

# INR 223.26 lakhs (31 March 19 : INR 230.91 lakhs) has restricted use.

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 MARCH 2020

(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 |
|--|-------------------------|--------------------|
| <b>Opening balance as at 1 April 2019</b>  | <b>9,950.65</b>         | <b>8,887.62</b>    |
| Add: non-cash changes due to               |                         |                    |
| - Mark to market on foreign contracts      | -                       | -                  |
| - Others                                   | (0.03)                  | 153.01             |
| Add : cash inflows during the year         | -                       | -                  |
| Less: cash outflows during the year**      | (5,872.44)              | (5,722.30)         |
| <b>Closing balance as at 31 March 2020</b> | <b>4,078.18</b>         | <b>3,318.33</b>    |

\*Includes current maturities of non-current borrowings, refer note 16.

\*\*Cash outflows are net off cash inflows for current borrowing.

### Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities:

| Particulars                                | Non current borrowings* | Current borrowings |
|--|-------------------------|--------------------|
| <b>Opening balance as at 1 April 2018</b>  | <b>15,812.01</b>        | <b>7,416.66</b>    |
| 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        | (5,871.12)              | -                  |
| <b>Closing balance as at 31 March 2019</b> | <b>9,950.65</b>         | <b>8,887.62</b>    |

\*Includes current maturities of non-current borrowings, refer note 16.

\*\*Cash inflows are net off cash outflows for current borrowing.

#### Notes:

- 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".
- Refer note 2 for significant accounting policies.
- The Group paid in cash INR 121.96 lakhs for the year ended 31 March 2020 and INR 62.93 lakhs for the year ended 31 March 2019 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

For and on behalf of the Board of Directors of  
**JTEKT India Limited**  
(Formerly known as Sona Koyo Steering Systems Limited)

**Sudhir Chopra**  
Executive Vice Chairman  
DIN 00058148

**Rajiv Chanana**  
Chief Financial Officer

**Akihiko Kawano**  
Managing Director  
DIN 08160588

**Nitin Sharma**  
Company Secretary

**Geeta Mathur**  
Independent Director  
DIN 02139552  
New Delhi

Place : Gurugram  
Date : 22 June 2020

Place : Gurugram  
Date : 22 June 2020

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(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") 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.

During the previous year ended 31 March 2019, the Scheme of Amalgamation (The Scheme) for amalgamation of Company's erstwhile associate, JTEKT Sona Automotive India Limited ('JSAI') with the Company had 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 became effective from the appointed date, i.e., 1 April 2018. The amalgamation had been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combinations' and accordingly, the figures of JSAI have been included in the Consolidated Financial Statements to record the merger from 22 June 2017 (i.e. the date when JTEKT Corporation, Japan acquired control over the Company).

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 2020 are approved by the Parent Company's Audit Committee on 19 June 2020 and its Board of Directors on 22 June 2020.

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 2020

(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)
- In assessing the recoverability of receivables including unbilled receivables, financial assets, and certain investments, the Group has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts considering emerging situations due to COVID-19. Based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. Due to the nature of the pandemic, the Group will continue to monitor developments to identify significant uncertainties in future periods.

(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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

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-noncurrent 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.

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 45 – 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.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

- (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 intragroup transactions.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring 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 |
|--------|--|--------------------|----------------|---------|---------|--|
|        |  |                    | 2019-20        | 2018-19 | 2017-18 |  |
| 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 acquirer'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 Consolidated Statement of Profit and Loss.

## 2.3 Changes in significant accounting policies

The Group has initially applied Ind AS 116 from 01 April 2019. 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.

The Group applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for the previous year ended 31 March 2019 is not restated – i.e. it is presented, as previously reported, under Ind AS 17. The details of the changes in accounting policies are disclosed in note 2.4 (d).

On adoption of the standard, the Group has recognized 'Right-of-use' assets amounting to INR 194.25 Lakhs and 'Lease liabilities' amounting to INR 451.97 Lakhs as at 1 April 2019. The cumulative effect of applying the standard resulted in INR 167.66 Lakhs being debited to the retained earnings, net of taxes of INR 90.06 Lakhs. Accordingly, the Statement of Profit and Loss for the year ended 31 March 2020 includes

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

INR 51.26 Lakhs towards amortisation of Right-to-Use Assets and INR 43.38 Lakhs as finance cost in relation to unwinding of discount on lease liability with a corresponding impact on rent expense which has reduced by INR 78.85 Lakhs due to recognition of operating leases as Right-of-Use Assets and a corresponding lease liability. The net impact on profit after tax for the year ended 31 March 2020 is INR 11.89 Lakhs and related impact on earnings per share is INR 0.005 per share (Basic and diluted).

A number of other new standards and amendments are also effective from 01 April 2019, but they do not have a material effect on the Group's Consolidated Financial Statements.

### 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 reacquired right.

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 Consolidated Statement of Profit & 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 Consolidated Statement of Profit and 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

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

for its intended use and estimated cost of dismantling and removing the items and restoring the site on which it is located. 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 Consolidated 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 Consolidated 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 Consolidated 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. Leasehold improvements are depreciated over the primary lease period or the estimated useful life of leasehold improvements, whichever is shorter. 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.

| Asset category           | Category under which Asset is disclosed | Management estimate of useful life (in years) |
|--------------------------|---|---|
| Building                 | Building                                | 30  |
| Roads                    | Building                                | 5   |
| Sheds                    | Building                                | 3   |
| Plant and machinery      | Plant & Machinery                       | 4-15  |
| Tools and dies           | Plant & Machinery                       | 4   |
| Jigs and fixtures        | Jigs & Fixture                          | 10  |
| Electrical installations | Electrical installation                 | 10  |
| Furniture and fixtures   | Furniture & Fixture                     | 10  |
| Office equipment         | Office equipment                        | 5   |
| IT equipment             | Office equipment                        | 6   |
| Computers                | Office equipment                        | 3   |
| Vehicles                 | Vehicles                                | 5.3   |



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

The management has estimated, supported by internal technical assessment made by the management, the useful lives of the following classes of assets and has not followed the scheduled II in following categories of assets

- The useful life of vehicles is estimated as 5.3 years.
- The useful life of tools and dies and machinery spares is estimated as 4 years.
- Assets costing less than INR 5000/- each are depreciated at the rate of 100% during the year of purchase.

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 (upto) 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 Consolidated 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 Consolidated 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 Consolidated Statement of Profit and 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 Consolidated 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.

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 Consolidated 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.

### d) Leases

#### Policy applicable before 1 April 2019 – IND AS 17

- (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

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

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 Consolidated Statement of Profit and 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 Consolidated 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.

### **Policy applicable after 1 April 2019 – IND AS 116**

Effective 1 April 2019, the Group has applied Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard 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. The Group has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. As a result, the comparative information has not been restated. The impact of the adoption of the standard on the Consolidated Financial Statements of the Group is insignificant. Refer note 40 for further details.

The Group's lease asset classes primarily consist of leases for Land and Buildings. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April 2019.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

The Group has applied the practical expedient to grandfather the definition of a lease on transition. This means that it has applied Ind AS 116 to all the contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

### 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 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 Consolidated Statement of Profit and Loss. Impairment losses of continuing operations, including impairment on inventories, are recognized in the Consolidated 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

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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 Consolidated 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 and spares, work in progress, finished goods and loose tools 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 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 Consolidated 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 Consolidated Statement of Profit and Loss are also recognized in OCI or the Consolidated 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, 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.

#### 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

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Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize 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 are 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.
- 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 the Consolidated Statement of Profit and 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 Consolidated Statement of Profit and Loss.

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### 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 Consolidated 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 Consolidated Statement of Profit and 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 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.

## j) Income tax

Income tax expense comprises current and deferred tax. It is recognized in Consolidated 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.

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 Consolidated Statement of Profit and 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

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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 is governed by the same set of risks and returns but subject to the geographical industry trends and hence the Group'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 Consolidated 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 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 Consolidated 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

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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 earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Consolidated Statement of Profit and Loss in subsequent periods.

Past service costs are recognized in Consolidated Statement of Profit and 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 Consolidated 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.



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A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through Consolidated Statement of 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; or
- 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 Consolidated Statement of Profit and Loss. The losses arising from impairment are recognized in the Consolidated Statement of Profit and 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 Consolidated 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 Consolidated 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.

#### 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;

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- 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 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:

- contingent's 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 Consolidated Statement of Profit and 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 Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is recognized in Consolidated Statement of Profit and 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 Consolidated Statement of Profit and 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 Consolidated Statement of Profit and 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 Consolidated Statement of Profit and 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 Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in Consolidated Statement of Profit and Loss.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 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 Consolidated Statement of Profit and 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.

### 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 Consolidated Statement of 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 Consolidated 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 Consolidated Statement of Profit and 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 Consolidated Statement of Profit and 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

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

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 Consolidated Statement of 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.

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 Consolidated Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Consolidated 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

- 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 Consolidated Statement of Profit and Loss.

**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) Research and development**

Expenditure on research and development activities is recognized in the Consolidated 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 sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in Consolidated Statement of Profit and Loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

**v) Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are aggregated.

**w) Recent Indian Accounting Standards (Ind-As)**

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

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

## 3A. Property, plant and equipment

| Particulars<br>Description | Gross carrying value  |                 |                       | Accumulated depreciation |                       |                              |               | Net block              |                        |                  |
|----------------------------|-----------------------|-----------------|-----------------------|--------------------------|-----------------------|------------------------------|---------------|------------------------|------------------------|------------------|
|                            | As at<br>1 April 2019 | Additions       | Sales/<br>Disposition | As at<br>31 March 2020   | As at<br>1 April 2019 | Depreciation<br>for the year | Disposals     | As at<br>31 March 2020 | As at<br>31 March 2019 |                  |
| Freehold land#@            | 6,273.52              | -               | -                     | 6,273.52                 | -                     | -                            | -             | -                      | 6,273.52               | 6,273.52         |
| Building*#                 | 19,373.07             | 555.25          | -                     | 19,928.32                | 2,245.46              | 785.80                       | -             | 3,031.26               | 16,897.06              | 17,127.61        |
| Lease hold<br>improvements | 8.83                  | 7.79            | 2.25                  | 14.37                    | 8.83                  | 0.65                         | 2.25          | 7.23                   | 7.14                   | -                |
| Plant & Machinery          | 39,862.84             | 1,925.86        | 311.50                | 41,477.20                | 19,369.68             | 5,562.90                     | 219.93        | 24,712.65              | 16,764.55              | 20,493.16        |
| Jigs & Fixture             | 684.69                | 385.70          | 1.37                  | 1,069.02                 | 263.76                | 96.50                        | 0.72          | 359.54                 | 709.48                 | 420.93           |
| Electric installation      | 2,276.93              | 72.38           | 5.90                  | 2,343.41                 | 1,149.21              | 308.99                       | 5.27          | 1,452.93               | 890.48                 | 1,127.72         |
| Furniture & Fixture        | 385.61                | 18.26           | 3.41                  | 400.46                   | 209.96                | 41.17                        | 2.08          | 249.05                 | 151.41                 | 175.65           |
| Office equipment           | 1,965.72              | 260.04          | 12.08                 | 2,213.68                 | 789.90                | 363.30                       | 12.08         | 1,141.12               | 1,072.56               | 1,175.82         |
| Vehicles                   | 536.84                | 340.71          | 82.09                 | 795.46                   | 183.37                | 123.76                       | 35.02         | 272.11                 | 523.35                 | 353.47           |
| R&D-Plant &<br>Machinery   | 181.59                | -               | -                     | 181.59                   | 105.39                | 25.83                        | -             | 131.22                 | 50.37                  | 76.20            |
| R&D-Office<br>Equipment    | 11.48                 | 1.61            | -                     | 13.09                    | 6.39                  | 2.34                         | -             | 8.73                   | 4.36                   | 5.09             |
| <b>Total</b>               | <b>71,561.12</b>      | <b>3,567.60</b> | <b>418.60</b>         | <b>74,710.12</b>         | <b>24,331.95</b>      | <b>7,311.24</b>              | <b>277.35</b> | <b>31,365.84</b>       | <b>43,344.28</b>       | <b>47,229.17</b> |

## 3A. Capital work-in-progress

| Particulars  | As at<br>1 April 2019 | Additions       | Capitalised     | As at<br>31 March 2020 |
|--------------|-----------------------|-----------------|-----------------|------------------------|
| <b>Total</b> | <b>937.75</b>         | <b>2,825.24</b> | <b>3,567.60</b> | <b>195.39</b>          |

## 3A. Property, plant and equipment

| Particulars<br>Description | Gross carrying value  |                 |                       | Accumulated depreciation |                       |                              |               | Net block              |                        |
|----------------------------|-----------------------|-----------------|-----------------------|--------------------------|-----------------------|------------------------------|---------------|------------------------|------------------------|
|                            | As at<br>1 April 2018 | Additions       | Sales/<br>Disposition | As at<br>31 March 2019   | As at<br>1 April 2018 | Depreciation<br>for the year | Disposals     | As at<br>31 March 2019 | As at<br>31 March 2018 |
| Freehold land#             | 6,106.43              | 239.92          | 72.83                 | 6,273.52                 | -                     | -                            | -             | 6,273.52               | 6,106.43               |
| Leased hold land           | -                     | -               | -                     | -                        | -                     | -                            | -             | -                      | -                      |
| Building*#                 | 18,908.81             | 612.22          | 147.96                | 19,373.07                | 1,483.37              | 778.34                       | 16.25         | 2,245.46               | 17,127.61              |
| Lease hold<br>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              |
| Jigs & Fixture             | 515.73                | 187.03          | 18.07                 | 684.69                   | 181.96                | 99.74                        | 17.94         | 263.76                 | 420.93                 |
| Electric installation      | 1,853.07              | 431.09          | 7.23                  | 2,276.93                 | 687.88                | 467.00                       | 5.67          | 1,149.21               | 1,127.72               |
| Furniture & Fixture        | 367.83                | 19.01           | 1.23                  | 385.61                   | 163.08                | 47.19                        | 0.31          | 209.96                 | 175.65                 |
| Office equipment           | 1,267.86              | 709.63          | 11.77                 | 1,965.72                 | 493.44                | 301.11                       | 4.65          | 789.90                 | 1,175.82               |
| Vehicles                   | 411.84                | 168.21          | 43.21                 | 536.84                   | 134.00                | 79.22                        | 29.85         | 183.37                 | 353.47                 |
| R&D-Plant &<br>Machinery   | 191.31                | -               | 9.72                  | 181.59                   | 75.66                 | 36.17                        | 6.44          | 105.39                 | 76.20                  |
| R&D-Office<br>Equipment    | 11.28                 | 0.20            | -                     | 11.48                    | 4.22                  | 2.17                         | -             | 6.39                   | 5.09                   |
| <b>Total</b>               | <b>66,696.29</b>      | <b>5,938.80</b> | <b>1,073.97</b>       | <b>71,561.12</b>         | <b>16,996.03</b>      | <b>7,905.61</b>              | <b>569.69</b> | <b>24,331.95</b>       | <b>47,229.17</b>       |

## 3A. Capital work-in-progress

| Particulars  | As at<br>1 April 2018 | Additions       | Capitalised     | As at<br>31 March 2019 |
|--------------|-----------------------|-----------------|-----------------|------------------------|
| <b>Total</b> | <b>2,141.76</b>       | <b>4,734.79</b> | <b>5,938.80</b> | <b>937.75</b>          |

(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 Nil (previous year 31 March 2019 INR 19.74 lakhs)

(iii) Property, plant and equipment other than immovable property at Chennai, Malpura, Sanand and Bawal 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 2019 INR 1,374.03 lakhs), net block INR 1165.42 lakhs (previous year 31 March 2019 INR 1,217.76 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 1,120.69 lakhs) and factory building having net block of INR 2,032.81 lakhs (previous year INR 2,137.28 lakhs) held in the name of erstwhile JTEKT Sona Automotive

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

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).

- @ Freehold land include land in Gujarat having gross block at INR 1.00 (previous year Nil) and the net block at INR 1.00 (previous year NIL). The title deed for the aforesaid land is in the name of erstwhile 'Sona Steering Systems Limited'. The Company is in the process of getting the name changed to JTEKT India Limited, which is pending as at 31 March 2020.

### 3B. Intangible assets

| Particulars<br>Description | Gross carrying value  |                 |                       | Amortisation           |                       |                              |           | Net block              |                        |                        |
|----------------------------|-----------------------|-----------------|-----------------------|------------------------|-----------------------|------------------------------|-----------|------------------------|------------------------|------------------------|
|                            | As at<br>1 April 2019 | Additions       | Sales/<br>Disposition | As at<br>31 March 2020 | As at<br>1 April 2019 | Amortisation<br>for the year | Disposals | As at<br>31 March 2020 | As at<br>31 March 2020 | As at<br>31 March 2019 |
| R&D-Computer softwares     | 31.48                 | 16.70           | -                     | 48.18                  | 14.28                 | 8.16                         | -         | 22.44                  | 25.74                  | 17.20                  |
| Computer softwares         | 2,159.97              | 505.88          | -                     | 2,665.85               | 911.51                | 433.65                       | -         | 1,345.16               | 1,320.69               | 1,248.46               |
| New product development    | 8,377.18              | 541.60          | -                     | 8,918.78               | 3,598.90              | 1,473.22                     | -         | 5,072.12               | 3,846.66               | 4,778.28               |
| <b>Total</b>               | <b>10,568.63</b>      | <b>1,064.18</b> | <b>-</b>              | <b>11,632.81</b>       | <b>4,524.69</b>       | <b>1,915.03</b>              | <b>-</b>  | <b>6,439.72</b>        | <b>5,193.09</b>        | <b>6,043.94</b>        |

### 3B. Intangible assets under development

| Particulars  | As at<br>1 April 2019 | Additions       | Capitalised     | As at<br>31 March 2020 |
|--------------|-----------------------|-----------------|-----------------|------------------------|
| <b>Total</b> | <b>55.20</b>          | <b>1,084.21</b> | <b>1,064.18</b> | <b>75.23</b>           |

### 3B. Intangible assets

| Particulars<br>Description | Gross carrying value  |                 |                       | Amortisation           |                       |                              |           | Net block              |                        |                        |
|----------------------------|-----------------------|-----------------|-----------------------|------------------------|-----------------------|------------------------------|-----------|------------------------|------------------------|------------------------|
|                            | As at<br>1 April 2018 | Additions       | Sales/<br>Disposition | As at<br>31 March 2019 | As at<br>1 April 2018 | Amortisation<br>for the year | Disposals | As at<br>31 March 2019 | As at<br>31 March 2019 | As at<br>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    | 6,990.29              | 1,386.97        | -                     | 8,377.18               | 2,347.33              | 1,251.57                     | -         | 3,598.90               | 4,778.28               | 4,642.88               |
| <b>Total</b>               | <b>8064.80</b>        | <b>2,503.83</b> | <b>-</b>              | <b>10,568.63</b>       | <b>2,835.66</b>       | <b>1,689.03</b>              | <b>-</b>  | <b>4,524.69</b>        | <b>6,043.94</b>        | <b>5,229.14</b>        |

### 3B. Intangible assets under development

| Particulars  | As at<br>1 April 2018 | Additions       | Capitalised     | As at<br>31 March 2019 |
|--------------|-----------------------|-----------------|-----------------|------------------------|
| <b>Total</b> | <b>367.37</b>         | <b>2,191.66</b> | <b>2,503.83</b> | <b>55.20</b>           |

### 3C. Right-of-use assets

| Particulars<br>Description | Gross carrying value  |               |                       | Accumulated depreciation |                       |                              |           | Net block              |                        |                        |
|----------------------------|-----------------------|---------------|-----------------------|--------------------------|-----------------------|------------------------------|-----------|------------------------|------------------------|------------------------|
|                            | As at<br>1 April 2019 | Additions     | Sales/<br>Disposition | As at<br>31 March 2020   | As at<br>1 April 2019 | Depreciation<br>for the year | Disposals | As at<br>31 March 2020 | As at<br>31 March 2020 | As at<br>31 March 2019 |
| Leasedhold land            | -                     | 106.81        | -                     | 106.81                   | -                     | 4.24                         | -         | 4.24                   | 102.57                 | -                      |
| Building                   | -                     | 87.44         | -                     | 87.44                    | -                     | 47.02                        | -         | 47.02                  | 40.42                  | -                      |
| <b>Total</b>               | <b>-</b>              | <b>194.25</b> | <b>-</b>              | <b>194.25</b>            | <b>-</b>              | <b>51.26</b>                 | <b>-</b>  | <b>51.26</b>           | <b>142.99</b>          | <b>-</b>               |

### 4. Loans

| Particulars   | As at<br>31 March 2020 |               | As at<br>31 March 2019 |               |
|---|------------------------|---------------|------------------------|---------------|
|   | Current                | Non-current   | Current                | Non-current   |
| <i>(Unsecured considered good, unless stated otherwise)</i> |                        |               |                        |               |
| Security deposits   | 97.45                  | 260.73        | 69.06                  | 315.08        |
| Loans to employees  | 11.99                  | 4.14          | 63.87                  | 10.91         |
| <b>Total</b>  | <b>109.44</b>          | <b>264.87</b> | <b>132.93</b>          | <b>325.99</b> |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 5. Other financial assets

| Particulars                                  | As at<br>31 March 2020 |             | As at<br>31 March 2019 |              |
|--|------------------------|-------------|------------------------|--------------|
|  | Current                | Non-current | Current                | Non-current  |
| Interest accrued but not due on deposits     | 9.73                   | -           | 8.55                   | -            |
| Forward exchange contracts used for hedging* | 35.04                  | -           | -                      | -            |
| Interest rate swaps used for hedging*        | 111.01                 | -           | 52.40                  | 40.31        |
| Unbilled revenue                             | -                      | -           | 737.98                 | -            |
| <b>Total</b>                                 | <b>155.78</b>          | <b>-</b>    | <b>798.93</b>          | <b>40.31</b> |

\* 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 (net)

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Advance income tax and tax deducted at source<br>[net of provisions INR 10,109.83 lakhs (31 March 2019 INR 12,442.96 lakhs)] | 901.20                 | 569.51                 |
| <b>Total</b>   | <b>901.20</b>          | <b>569.51</b>          |

### 7. Other non-current assets

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <i>(Unsecured considered good, unless stated otherwise)</i> |                        |                        |
| Capital advances  | 120.91                 | 54.56                  |
| Prepaid expenses  | 37.22                  | 78.53                  |
| <b>Total</b>  | <b>158.13</b>          | <b>133.09</b>          |

### 8. Inventories

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <i>(Valued at lower of cost and net realisable value)</i> |                        |                        |
| Raw materials and components *                            | 5,062.29               | 4,880.31               |
| Work-in-progress **                                       | 1,224.08               | 890.83                 |
| Finished goods ***  | 2,463.91               | 3,074.64               |
| Stock-in-trade  | 0.10                   | 8.11                   |
| Stores and spares   | 1,147.77               | 1,198.57               |
| Loose tools   | 1,592.52               | 1,197.96               |
| <b>Total</b>  | <b>11,490.67</b>       | <b>11,250.42</b>       |
| Less: Provision on inventory obsolescence                 | (40.00)                | (45.30)                |
| <b>Total</b>  | <b>11,450.67</b>       | <b>11,205.12</b>       |

\* Includes material in transit INR 466.28 lakhs (31 March 2019 INR 477.63 lakhs)

\*\* Includes material with the vendors sent for job work INR 79.42 lakhs (31 March 2019 INR 80.90 lakhs)

\*\*\* Includes goods in transit INR 1,358.62 lakhs (31 March 2019 INR 1,830.53 lakhs)

#### Note:

(i) Inventories have been pledged as security for liabilities, for details refer note 44.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 9. Trade receivables

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <i>(unsecured and considered good, unless otherwise stated)</i> |                        |                        |
| Trade receivables   | 19,411.13              | 26,828.91              |
| <b>Total</b>  | <b>19,411.13</b>       | <b>26,828.91</b>       |
| Dues from related parties (refer note 39)                       | 8,555.53               | 10,892.50              |

#### 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<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Cash on hand  | 7.46                   | 9.71                   |
| Balances with banks                                     |                        |                        |
| - in current accounts                                   | 537.41                 | 404.82                 |
| - in cash credit accounts                               | 1.31                   | -                      |
| - in dividend accounts#                                 | 223.26                 | 230.91                 |
| Bank deposits with original maturity less than 3 months | 5,323.00               | 11,567.00              |
| <b>Total</b>  | <b>6,092.44</b>        | <b>12,212.44</b>       |

#### 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 year.
- (iii) The disclosures regarding details of specified bank notes held and transacted during the 8 November 2016 to 30 December 2016 has not been made in these Standalone Financial Statements since the requirement does not pertain to the financial year ended 31 March 2020.

# Earmarked unpaid dividend accounts are restricted in use as it relates to unclaimed dividends or unpaid dividend.

### 11. Other bank balances

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Bank deposits with original maturity more than 3 months but remaining less than 12 months* | 129.00                 | 156.72                 |
| <b>Total</b>   | <b>129.00</b>          | <b>156.72</b>          |

\* Held as margin money deposits against bank guarantees

### 12. Other current assets

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <i>(Unsecured considered good, unless stated otherwise)</i> |                        |                        |
| Advance to suppliers  | 97.77                  | 251.02                 |
| Balances with statutory/government authorities              | 459.28                 | 494.70                 |
| Prepaid expenses  | 578.89                 | 577.60                 |
| Claims receivable   | 236.32                 | 284.53                 |
| Other receivable  | 5.34                   | 10.10                  |
| <b>Total</b>  | <b>1,377.60</b>        | <b>1,617.95</b>        |

#### Notes :

- (i) Other current assets have been pledged as security for liabilities, for details refer note 44.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 13. Equity share capital

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Authorised capital</b>   |                        |                        |
| 871,000,000 (31 March 2019 : 871,000,000) Equity Shares of INR 1 each               | 8,710.00               | 8,710.00               |
|   | <b>8,710.00</b>        | <b>8,710.00</b>        |
| <b>Issued, subscribed and fully paid up equity share capital</b>                    |                        |                        |
| 244,480,469 (31 March 2019 : 244,480,469) Equity Shares of INR 1 each fully paid up | 2,444.80               | 2,444.80               |
|   | <b>2,444.80</b>        | <b>2,444.80</b>        |

#### a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

| Particulars                                 | As at 31 March 2020 |                 | As at 31 March 2019 |                 |
|---|---------------------|-----------------|---------------------|-----------------|
|   | No. of shares       | Amount          | No. of shares       | Amount          |
| Equity shares at the beginning of the year  | 24,44,80,469        | 2,444.80        | 19,87,41,832        | 1,987.42        |
| Issued during the year (refer note 36)      | -                   | -               | 4,57,38,637         | 457.38          |
| <b>Equity shares at the end of the year</b> | <b>24,44,80,469</b> | <b>2,444.80</b> | <b>24,44,80,469</b> | <b>2,444.80</b> |

During the previous year ended 31 March 2019, in terms of Scheme of Amalgamation of JTEKT Sona Automotive India Limited with the Company, the Company had allotted 45,738,637 Ordinary (Equity) shares of INR1 each to JTEKT Corporation Japan and other shareholder 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 JTEKT Sona Automotive India Limited (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.

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

| Name of shareholder                              | As at 31 March 2020 |           | As at 31 March 2019 |           |
|--|---------------------|-----------|---------------------|-----------|
|  | No. of shares       | % holding | No. of shares       | % holding |
| <b>Equity shares of INR 1 each fully paid up</b> |                     |           |                     |           |
| JTEKT Corporation, Japan                         | 169,559,997         | 69.36%    | 16,95,59,997        | 69.36%    |
| Maruti Suzuki India Ltd.                         | 13,800,000          | 5.64%     | 1,38,00,000         | 5.64%     |

#### d) Details of shares held by Ultimate Holding Company/ Holding Company and/ or their Subsidiaries/ Associates

| Name of shareholder                              | As at 31 March 2020 |           | As at 31 March 2019 |           |
|--|---------------------|-----------|---------------------|-----------|
|  | No. of shares       | % holding | No. of shares       | % holding |
| <b>Equity shares of INR 1 each fully paid up</b> |                     |           |                     |           |
| JTEKT Corporation, Japan                         | 16,95,59,997        | 69.36%    | 16,95,59,997        | 69.36%    |

#### 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 14. Other equity

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Securities premium</b>   |                        |                        |
| Opening balance   | 8,070.76               | 8,070.76               |
| Additions during the year   | -                      | -                      |
| <b>Closing balance</b>  | <b>8,070.76</b>        | <b>8,070.76</b>        |
| Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provision of the Companies Act, 2013.   |                        |                        |
| <b>General reserve</b>  |                        |                        |
| <b>Balance at the beginning and end of the year</b>   | <b>8,190.71</b>        | <b>8,190.71</b>        |
| 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 Consolidated Statement of Profit and Loss. |                        |                        |
| <b>Surplus in the Consolidated Statement of Profit and Loss</b>   |                        |                        |
| Opening balance   | 38,165.48              | 33,411.90              |
| Less: Transition impact of Ind AS 116#  | (167.66)               | -                      |
| Add: profit for the year  | 3,025.88               | 7,274.19               |
| Less: dividend on equity shares   | (1,955.84)             | (1,861.18)             |
| Less: dividend distribution tax   | (402.03)               | (553.88)               |
| Add: transferred from OCI (remeasurement of employee benefit obligations)   | (238.64)               | (105.55)               |
| <b>Closing balance</b>  | <b>38,427.19</b>       | <b>38,165.48</b>       |
| <b>Capital reserve*</b>   |                        |                        |
| <b>Balance at the beginning and end of the year</b>   | <b>2,434.23</b>        | <b>2,434.23</b>        |
| The capital reserve is the accumulated surplus not available for distribution of dividend and expected to remain invested permanently.  |                        |                        |
| <b>Share pending issuance*</b>  |                        |                        |
| Opening balance   | -                      | 457.38                 |
| Shares issued during the year   | -                      | (457.38)               |
| <b>Closing balance</b>  | <b>-</b>               | <b>-</b>               |
| <b>Items of other comprehensive income, net of tax</b>  |                        |                        |
| <b>Remeasurement of employee benefit obligations</b>  |                        |                        |
| Balance as at the beginning of the year   | -                      | -                      |
| Recognised during the period  | (238.64)               | (105.55)               |
| <b>Total</b>  | <b>(238.64)</b>        | <b>(105.55)</b>        |
| Less: transferred to retained earnings  | 238.64                 | 105.55                 |
| <b>Closing balance</b>  | <b>-</b>               | <b>-</b>               |
| The remeasurements of defined benefit obligation comprises actuarial gains and losses.  |                        |                        |
| <b>Effective portion of cash flow hedges</b>  |                        |                        |
| Balance as at the beginning of the year   | (15.33)                | (110.36)               |
| Recognised during the period  | 10.77                  | 95.03                  |
| <b>Closing balance</b>  | <b>(4.56)</b>          | <b>(15.33)</b>         |
| <b>Total</b>  | <b>57,118.33</b>       | <b>56,845.85</b>       |

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 Consolidated Statement of Profit and Loss, or included as a basis adjustment to the non-financial hedging item.

\* Refer note 36

# Refer note 40

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 15. Borrowings

#### 15A. Non-current borrowings

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Secured loans</b>  |                        |                        |
| <b>Term loans</b>   |                        |                        |
| Indian rupee loan from banks                                    | 3,179.36               | 8,053.83               |
| Foreign currency loan from banks                                | 898.82                 | 1,896.82               |
| <b>Total borrowings (including current maturities)</b>          | <b>4,078.18</b>        | <b>9,950.65</b>        |
| <b>Less: Current maturities of borrowings (refer note 16B):</b> |                        |                        |
| Indian rupee loan from banks                                    | 1,570.30               | 4,133.60               |
| Foreign currency loan from banks                                | 898.82                 | 1,072.12               |
| <b>Total current maturities of borrowings</b>                   | <b>2,469.12</b>        | <b>5,205.72</b>        |
| <b>Total borrowings (excluding current maturities)</b>          | <b>1,609.06</b>        | <b>4,744.93</b>        |

#### Notes:

- Refer note 46 - Financial risk management for liquidity risk.
- Refer note 44 - Assets pledged as security

#### 15B. Current borrowings

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Secured</b>  |                        |                        |
| Cash credit, packing credit and factoring loan from banks | 3,318.33               | 8,887.62               |
| <b>Total</b>  | <b>3,318.33</b>        | <b>8,887.62</b>        |

#### Notes:

- Refer note 46 - Financial risk management for liquidity risk.
- Refer note 44 - Assets pledged as security.

**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<br>31 March 2020 | As at<br>31 March 2019 |
|--------------------------------------|---------------------|---|--|------------------------|------------------------|
| <b>Indian rupee loans from banks</b> |                     |   |  |                        |                        |
| 1.                                   | State Bank of India | Repayable in 16 quarterly Installments<br>- 8 Installments of INR 200 lakhs each, and<br>- 8 Installments of INR 300 lakhs each<br>The loan has been fully repaid during the current year ended 31 March 2020 | 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 Road Gurugram-122001, immovable property land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat.<br><br>Collateral : Second charge on current assets of the Company.<br><br>The Company has regularised satisfaction of charges with The Registrar of Comapanies. | -                      | 1,200.00               |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(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 2020 | As at 31 March 2019 |
|---------|-------------------------|---|---|---------------------|---------------------|
| 2.      | Corporation Bank        | Repayable in 17 quarterly Installments<br>- 1 Installment of INR 100 lakhs,<br>- 8 Installments of INR 200 lakhs each,<br>- 4 Installments of INR 300 lakhs each, and<br>- 4 Installments of INR 275 lakhs each<br><br>The loan has been fully repaid during the current year ended 31 March 2020 | 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 Road Gurugram-122001, land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat.<br><br>The Company is in the process of regularising satisfaction of charges with The Registrar of Companies. | -                   | 1,100.00            |
| 3.      | Allahabad Bank T/L-2    | Repayable in 20 quarterly Installments of INR 200 lakhs 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 Road Gurugram-122001, land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat.   | 1,000.00            | 1,800.00            |
| 4-      | Allahabad Bank Car Loan | Monthly Repayment   | Allahabad Bank is secured by way of exclusive charge on the vehicles financed out of the said term loan.  | 19.21               | 56.32               |
| 5.      | IDFC Bank               | Repayable in 20 quarterly Installments<br>- 4 installments of INR 150 lakhs each,<br>- 4 installments of INR 200 lakhs each,<br>- 1 installment of INR 800 lakhs,<br>- 8 installments of INR 138 lakhs each and,<br>- 4 installments of INR 173 lakhs 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 Road Gurugram-122001, land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana).   | 1,660.15            | 3,197.50            |
| 6.      | IndusInd Bank           | Repayable in 20 quarterly Installments of INR 50 lakhs 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 Road Gurugram-122001, land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana).   | 500.00              | 700.00              |
|         |                         |   |   | <b>3,179.36</b>     | <b>8,053.83</b>     |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(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 2020 | As at 31 March 2019 |
|--|--|---|---|---------------------|---------------------|
| <b>Foreign currency loans from banks</b> |  |   |   |                     |                     |
| 1.                                       | Standard Chartered Bank<br>ECB Loan- USD 6.5 Million | Repayable in 17 Installments Details below:-<br>(1) Loan Amt USD-2 Million Repayment INR 76 lakhs in 17 Installements.<br>(2) Loan Amt USD-2 Million Repayment INR 76 lakhs in 17 Installements.<br>(3) Loan Amt USD-2.5 Million Repayment INR 96 lakhs 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, NH-8 Delhi Jaipur Road Gurugram-122001, land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat.<br><br>Second Charge pari-passu charge on all present and future current assets of the Company. | 898.82              | 1,896.82            |
| <b>Total</b>                             |  |   |   | <b>898.82</b>       | <b>1,896.82</b>     |
|  |  |   |   | <b>4,078.18</b>     | <b>9,950.65</b>     |

Rate of interest: The Company's long term borrowings have weighted average rate of 9.90% in FY-2020 (9.80% p.a. in FY-2019)

### Security disclosure for the outstanding current borrowings as specified in note 16B as on balance sheet date :

| Sl. No.                                    | Particulars                              | Nature of securities of Current borrowings   | As at 31 March 2020 | As at 31 March 2019 |
|--|--|--|---------------------|---------------------|
| <b>Secured short-term loans from banks</b> |  |  |                     |                     |
| 1.   | Standard Chartered Bank -<br>Cash Credit | Primary : First Pari-passu hypothecation charges on Stocks & Book Debts.<br>Collateral : Second 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 Road Gurugram-122001, immovable property land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat.   | 1,138.10            | 5,441.25            |
| 2.   | State Bank of India - Cash<br>Credit     | Primary : First Pari-passu hypothecation charges on the entire (present & future) current assets of the company along with other banks in Working capital arrangement.<br><br>Collateral : Second 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 Road Gurugram-122001, immovable property land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat. | -                   | 1,432.76            |
| 3.   | Kotak Mahindra Bank - Cash<br>Credit     | Primary : First Pari-passu hypothecation charges on the entire (present & future) current assets of the company along with other banks in Working capital arrangement.<br><br>Collateral : Second 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 Road Gurugram-122001, immovable property land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat. | -                   | 409.03              |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

| Sl. No.                                      | Particulars  | Nature of securities of Current borrowings   | As at           |                 |
|--|--|--|-----------------|-----------------|
|  |  |  | 31 March 2020   | 31 March 2019   |
| 4.   | Corporation Bank - Cash Credit                       | Primary : First Pari-passu hypothecation charges on the entire (present & future) current assets of the company along with other banks in Working capital arrangement.<br><br>Collateral : Second 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 Road Gurugram-122001, immovable property land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat. | 35.05           | 216.30          |
| 5.   | Indusind Bank - Cash Credit                          | Primary : First Pari-passu hypothecation charges on the entire (present & future) current assets of the company along with other banks in Working capital arrangement.<br><br>Collateral : Second 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 Road Gurugram-122001, immovable property land situated at Plot No-32 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana), Plot No-19 Dharuhera Industrial Area, Phase-II, Dharuhera District Rewari (Haryana) and Land at Mouje: Jalisana, Taluka: Mandal, District: Ahmedabad, Gujarat. | 0.08            | 104.90          |
| 6.   | Sumitomo Mitsui Banking Corporation - Packing Credit | Limits backed by Corporate Guarantee given by parent company JTEKT Corporation, Japan  | 2,145.10        | -               |
| <b>Unsecured short-term loans from banks</b> |  |  |                 |                 |
| 1.   | Kotak Mahindra Bank - Factoring Loan                 | Unsecured  | -               | 375.24          |
| 2.   | Standard Chartered Bank - Factoring Loan             | Unsecured  | -               | 671.58          |
| 3.   | HDFC Bank - Factoring Loan                           | Unsecured  | -               | 236.56          |
|  |  |  | <b>3,318.33</b> | <b>8,887.62</b> |

### 16A. Lease liability

| Particulars                        | As at 31 March 2020 |               | As at 31 March 2019 |             |
|------------------------------------|---------------------|---------------|---------------------|-------------|
|                                    | Current             | Non-current   | Current             | Non-current |
| Lease liability (refer note no 40) | 40.57               | 375.93        | -                   | -           |
| <b>Total</b>                       | <b>40.57</b>        | <b>375.93</b> | -                   | -           |

The Group's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 46.

### 16B. Other financial liabilities

| Particulars  | As at 31 March 2020 |             | As at 31 March 2019 |             |
|--|---------------------|-------------|---------------------|-------------|
|  | Current             | Non-current | Current             | Non-current |
| Current maturities of long-term borrowings (refer note no 15A) | 2,469.12            | -           | 5,205.72            | -           |
| Interest accrued but not due on borrowings                     | 20.56               | -           | 23.09               | -           |
| Security deposit payables                                      | 16.30               | -           | 46.69               | -           |
| Unclaimed dividends #  | 223.26              | -           | 230.91              | -           |
| Forward exchange contracts used for hedging                    | -                   | -           | 97.42               | -           |
| Employee dues  | 1,014.17            | -           | 1,160.68            | -           |
| Creditors for capital goods                                    | 817.43              | -           | 867.82              | -           |
| <b>Total</b>   | <b>4,560.84</b>     | -           | <b>7,632.33</b>     | -           |

# 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.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 17. Provisions

| Particulars                            | As at 31 March 2020 |               | As at 31 March 2019 |               |
|--|---------------------|---------------|---------------------|---------------|
|  | Current             | Non-current   | Current             | Non-current   |
| <b>Provision for employee benefits</b> |                     |               |                     |               |
| Gratuity (refer note 38)               | 3.42                | 34.83         | 4.33                | 47.43         |
| Compensated absences (refer note 38)   | 179.33              | 876.62        | 162.66              | 794.09        |
| <b>Others</b>                          |                     |               |                     |               |
| Provision for warranties*              | 130.05              | 35.49         | 343.88              | 66.12         |
| <b>Total</b>                           | <b>312.80</b>       | <b>946.94</b> | <b>510.87</b>       | <b>907.64</b> |

\*Movement in provision related to warranty during the year:

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>At the beginning of the year</b>                               | 410.00                 | 330.98                 |
| Additions during the year   | 168.16                 | 1,042.40               |
| (Deletions) in the discounted amount arising from passage of time | (412.62)               | (963.38)               |
| <b>At the end of the year</b>                                     | <b>165.54</b>          | <b>410.00</b>          |

The provision for warranties relates mainly to inventories sold during the year ended 31 March 2020 and 31 March 2019. 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<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Deferred tax liability arising on account of :</b>   |                        |                        |
| Property, plant and equipment and intangible assets   | 561.26                 | 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. | 44.97                  | 48.27                  |
| Discounting of long term warranty   | 1.88                   | 2.55                   |
| Adjustment of undistributed profit of subsidiary and associates   | -                      | 41.53                  |
| Measurement of financial liabilities carried at amortised cost  | 0.35                   | 0.87                   |
| Adjustment related to borrowings  | 8.82                   | -                      |
| <b>Deferred tax asset arising on account of :</b>   |                        |                        |
| Effect of expenditure debited to Statement of Profit and Loss account but allowed for tax purposes in subsequent years  | 322.62                 | 424.42                 |
| Provision of inventory obsolescence   | 10.07                  | 15.83                  |
| Adjustment of unrealized gain / loss  | 1.64                   | 4.91                   |
| Adjustments for derivatives recognised through fair value hedge   | -                      | 33.56                  |
| Adjustments for derivatives recognised through cash flow hedge  | 5.34                   | 14.32                  |
| Impact of Ind AS 116  | 68.84                  | -                      |
| <b>Total</b>  | <b>208.77</b>          | <b>1,113.03</b>        |

Movement in deferred tax liability for the year ended 31 March 2020

| Particulars   | 31 March 2019 | Transition<br>impact of Ind<br>AS 116<br>(refer note 40) | Recognised<br>in other<br>comprehensive<br>income | Recognised<br>in Statement<br>of Profit and<br>Loss | 31 March 2020 |
|---|---------------|--|---|---|---------------|
| <b>Deferred tax liability :</b>   |               |  |   |   |               |
| Property, plant and equipment, investment property and intangible assets  | (1,512.85)    | -  | -   | 951.59  | (561.26)      |
| 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)       | -  | -   | 3.30  | (44.97)       |
| Discounting of long term warranty   | (2.55)        | -  | -   | 0.67  | (1.88)        |
| Adjustment of undistributed profit of subsidiary and associates   | (41.53)       | -  | -   | 41.53   | -             |



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

| Particulars  | 31 March 2019     | Transition impact of Ind AS 116 (refer note 40) | Recognised in other comprehensive income | Recognised in Statement of Profit and Loss | 31 March 2020   |
|--|-------------------|---|--|--|-----------------|
| Measurement of financial liabilities carried at amortised cost   | (0.87)            | -   | -  | 0.52                                       | (0.35)          |
| Adjustment related to borrowings   | -                 | -   | -  | (8.82)                                     | (8.82)          |
| <b>Deferred tax asset :</b>  |                   |   |  |  |                 |
| Effect of expenditure debited to Statement of Profit and Loss account but allowed for tax purposes in subsequent years | 424.42            | -   | -  | (101.78)                                   | 322.62          |
| Provision of inventory obsolescence  | 15.83             | -   | -  | (5.76)                                     | 10.07           |
| Adjustment of unrealized gain / loss   | 4.91              | -   | -  | (3.27)                                     | 1.64            |
| Adjustments for derivatives recognised through fair value hedge  | 33.56             | -   | -  | (33.56)                                    | -               |
| Adjustments for derivatives recognised through cash flow hedge   | 14.32             | -   | (8.97)                                   | (0.01)                                     | 5.34            |
| Impact of Ind AS 116   | -                 | 90.06   | -  | (21.22)                                    | 68.84           |
| <b>Total</b>   | <b>(1,113.03)</b> | <b>90.06</b>                                    | <b>(8.97)</b>                            | <b>823.19</b>                              | <b>(208.77)</b> |

### Movement in deferred tax liability for the year ended 31 March 2019

| Particulars   | As at 31 March 2018 | Transition impact of Ind AS 116 (refer note 40) | Recognised in other comprehensive income | Recognised in Statement of Profit and Loss | 31 March 2019     |
|---|---------------------|---|--|--|-------------------|
| <b>Deferred tax liability :</b>   |                     |   |  |  |                   |
| 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)            |
| <b>Deferred tax asset :</b>   |                     |   |  |  |                   |
| 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 through fair value hedge   | 9.48                | -   | -  | 24.08                                      | 33.56             |
| Adjustments for derivatives recognised through cash flow hedge  | 65.36               | -   | (51.04)                                  | -  | 14.32             |
| <b>Total</b>  | <b>(1,397.80)</b>   | <b>-</b>  | <b>5.25</b>                              | <b>279.51</b>                              | <b>(1,113.03)</b> |

### 19. Trade payables

| Particulars  | As at 31 March 2020 | As at 31 March 2019 |
|--|---------------------|---------------------|
| Total outstanding dues of micro enterprises and small enterprises#                     | 186.98              | 280.26              |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 14,170.60           | 20,492.62           |
| <b>Total</b>   | <b>14,357.58</b>    | <b>20,772.88</b>    |
| Dues from related parties (refer note 39)  | 4,216.37            | 3,986.24            |

# 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 Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### Total outstanding dues of micro enterprises and small enterprises:-

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| i) The principal amount remaining unpaid to any supplier as at the year end.  | 186.98                 | 280.26                 |
| 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) | -                      | -                      |
| <b>Total</b>  | <b>186.98</b>          | <b>280.26</b>          |

The Group exposure to currency and liquidity risk related to trade payables is disclosed in note 46.

### 20. Other current liabilities

| Particulars           | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-----------------------|------------------------|------------------------|
| Advance from customer | 131.55                 | 74.06                  |
| Statutory dues*       | 956.28                 | 1,831.06               |
| <b>Total</b>          | <b>1,087.83</b>        | <b>1,905.12</b>        |

\* Taxes payable includes withholding tax, GST etc.

### 21. Income tax liabilities (net)

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Provision for income tax (net of advance tax and TDS Nil)<br>(31 March 2019 : INR 6,808.12 lakhs) | -                      | 88.50                  |
| <b>Total</b>  | <b>-</b>               | <b>88.50</b>           |

### 22. Revenue from operations

| Particulars              | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--------------------------|-------------------------------------|-------------------------------------|
| Sale of products         | 149,568.65                          | 173,912.53                          |
| Sale of services         | 321.20                              | -                                   |
| Other operating revenues |                                     |                                     |
| -Scrap sale              | 701.67                              | 945.21                              |
| -Export income           | 463.22                              | 538.84                              |
| <b>Total</b>             | <b>151,054.74</b>                   | <b>175,396.58</b>                   |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 23. Other income

| Particulars  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| <b>Other non operating income</b>                        |                                     |                                     |
| Interest income on:                                      |                                     |                                     |
| -Bank deposits   | 487.77                              | 766.44                              |
| -Others  | 21.24                               | 16.77                               |
| Rental income  | 7.70                                | 8.40                                |
| Gain on sale of property, plant & equipment              | 4.04                                | 20.57                               |
| Foreign exchange gain including mark to market valuation | 8.26                                | 25.17                               |
| Miscellaneous income                                     | 351.49                              | 327.06                              |
| <b>Total</b>   | <b>880.50</b>                       | <b>1,164.41</b>                     |

### 24. Cost of materials consumed

| Particulars                            | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Inventory at the beginning of the year | 4,880.31                            | 4,123.08                            |
| Add: purchases during the year         | 101,030.40                          | 115,446.81                          |
| Less: inventory at the end of the year | 5,062.29                            | 4,880.31                            |
| <b>Total</b>                           | <b>100,848.42</b>                   | <b>114,689.58</b>                   |

### 25. Purchases of stock-in-trade

| Particulars                 | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|-----------------------------|-------------------------------------|-------------------------------------|
| Purchases of stock-in-trade | 351.15                              | 834.41                              |
| <b>Total</b>                | <b>351.15</b>                       | <b>834.41</b>                       |

### 26. Changes in inventories of finished goods, work-in-progress and stock-in-trade

| Particulars                | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|----------------------------|-------------------------------------|-------------------------------------|
| <b>Opening inventories</b> |                                     |                                     |
| Work-in-progress           | 890.83                              | 1,324.76                            |
| Finished goods             | 3,074.64                            | 2,760.76                            |
| Stock-in-trade             | 8.11                                | 8.83                                |
| <b>Closing inventories</b> |                                     |                                     |
| Work-in-progress           | 1,224.08                            | 890.83                              |
| Finished goods             | 2,463.91                            | 3,074.64                            |
| Stock-in-trade             | 0.10                                | 8.11                                |
| <b>Net increase</b>        | <b>285.49</b>                       | <b>120.77</b>                       |

### 27. Employee benefit expenses

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Salaries wages and bonus                                  | 18,129.27                           | 16,064.76                           |
| Contribution to provident and other funds (refer note 38) | 1,168.73                            | 1,062.74                            |
| Staff welfare expenses                                    | 2,059.53                            | 2,260.05                            |
| <b>Total</b>  | <b>21,357.53</b>                    | <b>19,387.55</b>                    |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 28. Finance costs

| Particulars                                   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Interest to banks*                            | 913.85                              | 1,461.97                            |
| Interest on lease liabilities (refer note 40) | 43.38                               | -                                   |
| Interest to others                            | 12.71                               | 57.47                               |
| Bank charges                                  | 23.47                               | 35.67                               |
| <b>Total</b>                                  | <b>993.41</b>                       | <b>1,555.11</b>                     |

\* Net of interest capitalized Nil (previous year INR 19.74 lakhs)

### 29. Depreciation and amortisation expense

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Depreciation on property, plant and equipment (refer note 3A) | 7,311.24                            | 7,905.60                            |
| Amortisation on intangible assets (refer note 3B)             | 1,915.03                            | 1,689.04                            |
| Depreciation on right-of-use assets (refer note 3C & 40)      | 51.26                               | -                                   |
| <b>Total</b>  | <b>9,277.53</b>                     | <b>9,594.64</b>                     |

### 30. Other expenses

| Particulars  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Consumption of stores and spares                         | 1,936.17                            | 2,381.65                            |
| Loose tools consumed                                     | 1,619.36                            | 1,978.79                            |
| Power and fuel   | 2,065.51                            | 2,608.01                            |
| Repairs and maintenance                                  |                                     |                                     |
| -Plant & machinery                                       | 886.07                              | 942.78                              |
| -Buildings   | 159.25                              | 211.27                              |
| -Others  | 802.98                              | 850.84                              |
| Royalty  | 2,306.20                            | 2,568.21                            |
| Rent (refer note 40)                                     | 393.72                              | 439.34                              |
| Rates and taxes  | 108.13                              | 162.66                              |
| Insurance  | 207.00                              | 116.24                              |
| Travelling, conveyance and vehicle expenses              | 506.91                              | 830.58                              |
| Communication and stationery expenses                    | 148.34                              | 267.71                              |
| Legal and professional charges                           | 548.35                              | 618.53                              |
| Security charges   | 283.74                              | 270.76                              |
| Foreign exchange loss including mark to market valuation | 192.85                              | -                                   |
| Selling expenses*  | 1,113.02                            | 2,478.57                            |
| Packing material   | 538.42                              | 604.55                              |
| CSR expenditure (refer note 34)                          | 121.96                              | 62.93                               |
| Provision on obsolescence of inventory                   | 40.00                               | 39.71                               |
| Loss on sale of property, plant & equipment              | 16.52                               | -                                   |
| Director's fees, allowances and expenses                 | 64.25                               | 172.60                              |
| Payments to auditors                                     |                                     |                                     |
| As Auditor   |                                     |                                     |
| Statutory audit fee                                      | 56.75                               | 56.75                               |
| Tax audit fee  | 8.75                                | 8.75                                |
| Limited review   | 25.71                               | 25.50                               |
| Other matters  | 27.75                               | 27.27                               |
| Reimbursement of expenses                                | 6.34                                | 11.12                               |
| Miscellaneous expenses                                   | 341.50                              | 465.15                              |
| <b>Total</b>   | <b>14,525.55</b>                    | <b>18,200.27</b>                    |

\* Includes warranty reversal of INR (-)247.16 lakhs (including recovery of warranty claim of INR 245.22 lakhs and net off with expenses of INR 168.16 lakhs) (previous year INR 1,042.40 lakhs)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 31. Tax expense

| Particulars  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| <b>Income tax recognised in the statement of profit or loss:</b>       |                                     |                                     |
| <b>Current income tax</b>  |                                     |                                     |
| - In respect of the current year                                       | 1,533.36                            | 4,632.01                            |
| - In respect of the prior years  | 73.83                               | -                                   |
| <b>Deferred tax</b>  |                                     |                                     |
| - Relating to origination and reversal of temporary differences        | (823.19)                            | (279.51)                            |
| <b>Income tax expenses reported in the statement of profit or loss</b> | <b>784.00</b>                       | <b>4,352.50</b>                     |

#### 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 25.168% and the reported tax expense in Statement of Profit and Loss are as follows:

| Particulars  | For the year ended<br>31 March 2020 |                 | For the year ended<br>31 March 2019 |                  |
|--|-------------------------------------|-----------------|-------------------------------------|------------------|
| <b>Profit for the year</b>   |                                     | <b>4,296.16</b> |                                     | <b>12,178.66</b> |
| Statutory income tax rate of 25.168% (31 March 2019: 34.944%)          | 25.17%                              | 1,081.26        | 34.94%                              | 4,255.71         |
| Additional deduction allowed in Income tax Act for certain expenditure | 0.00%                               | -               | -0.30%                              | (36.46)          |
| Expenditure for which deduction is not allowed under income tax Act    | 1.26%                               | 54.00           | 1.60%                               | 195.24           |
| Change in tax rate for future period considered for deferred tax       | -5.74%                              | (246.75)        | 0.00%                               | -                |
| Tax impact on entities having difference tax rate                      | 0.00%                               | -               | -0.76%                              | (92.33)          |
| Deferred tax created on undistributed profit of subsidiary             | -0.97%                              | (41.53)         | 0.09%                               | 10.38            |
| Tax pertaining to earlier years  | -1.72%                              | (73.83)         | 0.00%                               | -                |
| Other deductions   | 0.25%                               | 10.85           | 0.16%                               | 19.96            |
| <b>Effective tax rate</b>  | <b>18.25%</b>                       | <b>784.00</b>   | <b>35.74%</b>                       | <b>4,352.50</b>  |

The Group has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised provision for income tax for the year ended 31 March 2020 and re-measured its Deferred tax assets/ liabilities basis the rate prescribed in the said section. The impact of its change has been recognised during the year.

#### Income tax recognised in Other Comprehensive Income

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| <b>Deferred tax related to items recognised in OCI during the year:</b> |                                     |                                     |
| Loss on remeasurement of defined benefit obligation                     | 82.23                               | 56.29                               |
| Effective portion of gain on cash flow hedge instruments                | (8.97)                              | (51.04)                             |
| <b>Income tax expenses reported in Other Comprehensive Income</b>       | <b>73.26</b>                        | <b>5.25</b>                         |

### 32. Earnings per equity share

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Profit attributable to equity shareholders                                  | 3,025.88                            | 7,274.19                            |
| Basic average number of equity shares outstanding during the year (Nos.)    | 244,480,469                         | 244,480,469                         |
| Weighted average number of equity shares outstanding during the year (Nos.) | 244,480,469                         | 244,480,469                         |
| Nominal value of equity shares in INR                                       | 1.00                                | 1.00                                |
| Earnings per equity share in INR  |                                     |                                     |
| Basic   | 1.24                                | 2.98                                |
| Diluted   | 1.24                                | 2.98                                |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 33. Group Information

#### (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.

| Name of the entity   | Principal place of business | Country of incorporation | % equity Interest   |                     |
|--|-----------------------------|--------------------------|---------------------|---------------------|
|  |                             |                          | As at 31 March 2020 | As at 31 March 2019 |
| JTEKT Fuji Kiko Automotive India Limited (formerly known as Sona Fuji Kiko Automotive Limited) | 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 Limited) |                     |
|-------------------------------|--|---------------------|
|                               | As at 31 March 2020  | As at 31 March 2019 |
| Current assets                | 3,105.20   | 2,954.25            |
| Current liabilities           | 1,438.97   | 1,661.96            |
| <b>Net current assets</b>     | <b>1,666.23</b>  | <b>1,292.29</b>     |
| Non-current assets            | 3,867.90   | 3,913.27            |
| Non-current liabilities       | 188.31   | 237.43              |
| <b>Net non-current assets</b> | <b>3,679.59</b>  | <b>3,675.84</b>     |
| <b>Net Assets</b>             | <b>5,345.82</b>  | <b>4,968.13</b>     |
| <b>Accumulated NCI</b>        | <b>2,619.46</b>  | <b>2,434.39</b>     |

| Summarised statement of profit and loss     | JTEKT Fuji Kiko Automotive India Limited (formerly known as Sona Fuji Kiko Automotive Limited) |                          |
|---|--|--------------------------|
|   | Year ended 31 March 2020   | Year ended 31 March 2019 |
| Revenue                                     | 9,997.64   | 10,360.29                |
| Profit for the year                         | 992.41   | 1,126.46                 |
| Other comprehensive income (net of tax)     | (11.94)  | 2.93                     |
| <b>Total comprehensive income</b>           | <b>980.47</b>  | <b>1,129.39</b>          |
| Total comprehensive income allocated to NCI | 480.43   | 553.41                   |

| Summarised cash flow statements                             | JTEKT Fuji Kiko Automotive India Limited (formerly known as Sona Fuji Kiko Automotive Limited) |                          |
|---|--|--------------------------|
|   | Year ended 31 March 2020   | Year ended 31 March 2019 |
| Cash flows from operating activities                        | 1,753.00   | 1,407.79                 |
| Cash flows from investing activities                        | (602.74)   | (398.92)                 |
| Cash flows from financing activities                        | (605.82)   | (373.48)                 |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <b>544.44</b>  | <b>635.39</b>            |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 34. Expenditure on Corporate Social Responsibility (CSR)

| Particulars  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Gross amount required to be spent by the Group as per Section 135 of the Companies Act, 2013 | 215.03                              | 182.63                              |
| <b>Amount spent during the year on:</b>  |                                     |                                     |
| a) Construction / acquisition of any asset   | -                                   | -                                   |
| b) On purposes other than (a) above  | 121.96                              | 62.93                               |

### 35. Research and development expenses (R&D expenses)

| Particulars                  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|------------------------------|-------------------------------------|-------------------------------------|
| Travelling expenses          | 0.03                                | 1.12                                |
| Salary and allowance*        | 49.81                               | 180.27                              |
| Components, tools and spares | 7.58                                | 8.63                                |
| Others                       | 0.18                                | 1.07                                |
| <b>Total</b>                 | <b>57.60</b>                        | <b>191.09</b>                       |

\*Salary and allowance are net off recovery from holding company INR 74.87 lakhs along with markup and disclosed under sales of services.

### 36. Merger information

During the previous year ended 31 March 2019, the Scheme of Amalgamation (The Scheme) for amalgamation of Company's associate, JTEKT Sona Automotive India Limited ('JSAI') with the Company had 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 became effective from the appointed date, i.e., 1 April 2018. JSAI was engaged in the business of manufacturing Column Electric Power Steering Systems ('C-EPS') for the passenger car automobile segment in India. The amalgamation had been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combinations' and accordingly figures of JSAI have been included in the Consolidated Financial Statements to record the merger from 22 June 2017 (i.e. the date when JTEKT Corporation, Japan acquired control over the company).

Further, in terms of the Scheme, during the pervious year ended 31 March 2019, 45,738,637 Ordinary (Equity) shares of INR 1 each in the Company had 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 had been transferred to Capital Reserve in the Standalone Financial Statements as at 31 March 2018.

During the previous year ended 31 March 2019, the Basic and Diluted earnings per share had 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 :-

| Particulars                               | Amount   | Amount |
|---|----------|--------|
| <b>A) Assets acquired on 22 June 2017</b> |          |        |
| 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 |        |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

| Particulars   | Amount    | Amount          |
|---|-----------|-----------------|
| 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>B) Liabilities assumed on 22 June 2017</b>             |           |                 |
| 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       |
| <b>Net assets acquired (A-B)</b>                          |           | <b>5,668.99</b> |
| Less : Value of investment cancelled                      |           | (2,777.81)      |
| Less : Shares pending issuance                            |           | (457.38)        |
| <b>Net assets acquired transferred to capital reserve</b> |           | <b>2,433.80</b> |

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 for the year ended 31 March 2018, without further act or deed.

### 37. Contingent liabilities and commitments (to the extent not provided for)

#### A. Capital commitments

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for | 1,372.02               | 1,719.98               |
| <b>Total</b>   | <b>1,372.02</b>        | <b>1,719.98</b>        |

#### B. Contingent liabilities

| Particulars   | Period covered     | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|--------------------|------------------------|------------------------|
| <b>Contingent liabilities, not acknowledged as debt, include:</b>                           |                    |                        |                        |
| <b>1. Claims against the Group not acknowledged as debt on account of #:</b>                |                    |                        |                        |
| <b>(a) Excise duty matters</b>  |                    |                        |                        |
| Show cause notices received and pending with Adjudication Authority                         | 2000-01 to 2018-19 | 3,021.31               | 2,689.09               |
| Cases pending before Appellate authorities in respect of which the Group has filed appeals. | 2007-08 to 2011-12 | 717.97                 | 491.76                 |
|   |                    | <b>3,739.28</b>        | <b>3,180.85</b>        |
| <b>(b) Service tax matters</b>  |                    |                        |                        |
| Show cause notices received and pending with Adjudication Authority                         | 2004-05 to 2018-19 | 71.58                  | 67.05                  |
| Cases pending before Appellate authorities in respect of which the Group has filed appeals. | 2009-10 to 2015-16 | 7.69                   | 7.33                   |
|   |                    | <b>79.27</b>           | <b>74.38</b>           |



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

| Particulars   | Period covered     | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|--------------------|------------------------|------------------------|
| <b>(c) VAT matters</b>  |                    |                        |                        |
| 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 | 1667.84                | 1542.88                |
| <b>(d) Customs duty matters</b>   |                    |                        |                        |
| 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                 |
|   |                    | -                      | <b>319.27</b>          |
| <b>(e) Stamp Duty matters</b>   |                    |                        |                        |
| 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               | 1,515.82               |
| <b>(f) Income tax matters</b>   |                    |                        |                        |
| Cases pending before Appellate Authorities in respect of which the Group has filed appeal. The Group 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 2016-17 | 44.78                  | 49.91                  |
| <b>2. Customer bills discounted</b>   |                    | -                      | <b>1,283.38</b>        |
| <b>3. Letter of credit opened by banks for purchase of inventory / capital goods</b>  |                    | <b>7.46</b>            | <b>2.77</b>            |
| <b>Total</b>  |                    | <b>7,054.45</b>        | <b>7,969.26</b>        |

### Contribution to provident fund

Pursuant to 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 year ended 31 March 2019. Further, management also believes that the impact of the same on the Group 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.

### 38. Employee benefit obligations

#### A. Defined Contribution Plan

The Group 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 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<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| a) Employer's contribution to Provident Fund                       | 661.83                              | 631.09                              |
| b) Employer's contribution to Superannuation Fund                  | 144.34                              | 216.96                              |
| c) Employer's contribution to Employee State Insurance Corporation | 35.25                               | 47.63                               |
| d) Punjab labour welfare fund (PLWF)                               | 8.37                                | 3.47                                |
|  | <b>849.79</b>                       | <b>899.15</b>                       |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

## 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<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Liability for gratuity                         | 3,363.38               | 2,902.10               |
| Plan assets for gratuity                       | 3,346.28               | 2,878.68               |
| <b>Net defined benefit liability /(assets)</b> | <b>17.46</b>           | <b>23.42</b>           |

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

### (ii) Amount recognised in the Statement of Profit and Loss is as under:

| Description   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Current service cost *  | 240.93                              | 203.94                              |
| Net interest cost   | 1.75                                | (0.57)                              |
| Decrease in unrecognised assets                               | (7.16)                              | 16.98                               |
| <b>Expense recognised in the Statement of Profit and Loss</b> | <b>235.52</b>                       | <b>220.35</b>                       |
| Actuarial loss recognised during the year                     | 326.72                              | 160.41                              |
| <b>Amount recognised in the total comprehensive income</b>    | <b>553.55</b>                       | <b>380.76</b>                       |

\* Current service cost includes contribution of LIC premium amounting to INR 8.68 lakhs (previous year INR 7.01 lakhs).

### (iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

| Description  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>Present value of defined benefit obligation as at the start of the year</b> | <b>2,902.10</b>        | <b>2,563.71</b>        |
| Additions through business combination under common control                    | -                      | -                      |
| Current service cost   | 232.24                 | 196.93                 |
| Interest cost  | 217.77                 | 194.97                 |
| Actuarial loss on obligation   | 301.82                 | 161.54                 |
| Benefits paid  | (290.55)               | (215.05)               |
| <b>Present value of defined benefit obligation as at the end of the year</b>   | <b>3,363.38</b>        | <b>2,902.10</b>        |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

## (iv) Movement in the plan assets recognised in the balance sheet is as under:

| Description   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Fair Value of plan assets at start of the year</b>       | <b>2,878.68</b>        | <b>2,571.42</b>        |
| Additions through business combination under common control | -                      | -                      |
| Interest income   | 216.01                 | 195.54                 |
| Employer contribution                                       | 565.66                 | 325.06                 |
| Benefit Paid  | (289.17)               | (214.47)               |
| Actuarial gain on plan assets                               | (24.90)                | 1.13                   |
| <b>Fair Value of plan assets at the end of the year</b>     | <b>3,346.28</b>        | <b>2,878.68</b>        |

## (v) Remeasurement recognised in other comprehensive income is as under:

| Description  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Actuarial loss on defined benefit obligation           | 301.82                              | 161.54                              |
| Return on plan assets excluding interest income        | 24.90                               | (1.13)                              |
| <b>Amount recognised in Other Comprehensive Income</b> | <b>326.72</b>                       | <b>160.41</b>                       |

## (vi) Bifurcation of actuarial (gain)/loss on defined benefit obligation:

| Description   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Actuarial loss/(gain) from change in demographic assumption | 0.59                                | (87.47)                             |
| Actuarial loss from change in financial assumption          | 190.34                              | 20.87                               |
| Actuarial loss from experience adjustment                   | 110.74                              | 228.14                              |
| <b>Amount recognised in the Other Comprehensive Income</b>  | <b>301.67</b>                       | <b>161.54</b>                       |

## (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<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Discount rate                          | 6.40% to 6.80%         | 7.50%                  |
| Rate of increase in compensation level | 5.5% to 10.0%          | 5.5% to 10.0%          |

## 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<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------------|------------------------|------------------------|
| Mortality table               | IALM (2006-08)         | IALM (2006-08)         |
| Retirement age                |                        |                        |
| - Mr. Sudhir Chopra           | 65                     | 65                     |
| - Mr. A.D. Rao                | -                      | 65                     |
| - Mr. Rakesh Gaiind           | -                      | 65                     |
| - Mr. Subramanian Ganesh Iyer | -                      | 58                     |
| - Others                      | 58                     | 58                     |
| Attrition rate                |                        |                        |
| - Up to 30 years              | 3.00% to 9.8%          | 3.00% to 9.67%         |
| - 31 to 44 years              | 2.00% to 9.8%          | 2.00% to 9.67%         |
| - Above 44 years              | 1.00% to 9.8%          | 1.00% to 9.67%         |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### (viii) Sensitivity analysis for gratuity liability

| Description  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>Impact of the change in discount rate</b>       |                        |                        |
| Present value of obligation at the end of the year | 3,363.38               | 2,902.10               |
| - Impact due to increase of 1 %                    | (179.30)               | (145.20)               |
| - Impact due to decrease of 1 %                    | 200.85                 | 161.56                 |
| <b>Impact of the change in salary increase</b>     |                        |                        |
| Present value of obligation at the end of the year | 3,363.38               | 2,902.10               |
| - Impact due to increase of 1 %                    | 199.55                 | 162.39                 |
| - Impact due to decrease of 1 %                    | (181.65)               | (148.64)               |

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. Sensitivity 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.

### (ix) Maturity profile of defined benefit obligation

| Description           | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-----------------------|------------------------|------------------------|
| Within next 12 months | 439.38                 | 379.85                 |
| Between 1-2 years     | 423.23                 | 341.78                 |
| Between 2-3 years     | 367.09                 | 322.48                 |
| Between 3-4 years     | 384.66                 | 295.69                 |
| Between 4-5 years     | 310.99                 | 286.60                 |
| Above 5 years         | 1,438.37               | 1,276.05               |
| <b>Total</b>          | <b>3,363.72</b>        | <b>2,902.45</b>        |

(x) Group's best estimate of contribution during next year is INR 293.79 lakhs (previous year INR 240.14 lakhs).

### C. Other long-term employee benefits

During the year ended 31 March 2020, the Group has created provision for compensated absences towards earned leave amounting to INR 290.34 lakhs (previous year expense of INR 268.80 lakhs). The Group has written back provision towards sick leave amounting to INR 0.85 lakhs (previous year INR 17.91 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 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 Hiroshi Ii                   | w.e.f. 15 Apr 2019 up to closing hours of 31 Mar 2020 | Executive Chairman                     |
| 2. Mr. Sudhir Chopra               | w.e.f. 01 June 2019                                   | Executive Vice Chairman                |
| 3. Mr. Akihiko Kawano              | w.e.f. 01 July 2018                                   | Managing Director                      |
| 4. Mr. Hirofumi Matsuoka           | w.e.f. 11 August 2018                                 | Director                               |
| 5. Mr. Rajiv Chanana               | Full year   | Chief Financial Officer                |
| 6. Mr. Sudhir Chopra               | Up to 17 May 2019                                     | Company Secretary                      |
| 7. Mr. Sudhir Chopra               | Upto 31 May 2019                                      | Director (Corporate Affairs)           |
| 8. Mr. Nitin Sharma                | w.e.f. 18 May 2019                                    | Company Secretary                      |
| 9. Ms. Geeta Mathur                | Full year   | Independent Director                   |
| 10. Mr. Hidehito Araki             | w.e.f. 11 August 2018                                 | Independent Director                   |
| 11. Ms. Hiroko Nose                | w.e.f. 11 August 2018                                 | Independent Director                   |
| 12. Mr. Toshiya Miki               | Full year   | Nominee of Maruti Suzuki India Limited |
| 13. Mr. Inder Mohan Singh          | w.e.f. 18 May 2019                                    | Independent Director                   |
| 14. Lt. Gen. Praveen Bakshi (Retd) | w.e.f. 18 May 2019                                    | Independent Director                   |
| 15. Mr. Ravi Bhoothalingam         | Up to 9 August 2019                                   | Independent Director                   |
| 16. Mr. Hidekazu Omura             | Up to 31 March 2019                                   | Chairman                               |
| 17. Mr. Kiyozumi Kamiki            | Upto 30 June 2018                                     | Managing Director                      |
| 18. Mr. Seiho Kawakami             | Upto 10 August 2018                                   | Director                               |
| 19. Mr. Ramesh Suri                | Upto 7 July 2018                                      | Independent Director                   |
| 20. Lt. Gen S.S. Mehta (Retd)      | Up to closing hour of 31 March 2019                   | Independent Director                   |

#### 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 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 Auto AB Sweden                           | Full year |
| 10. Fuji Autotech France                         | Full year |
| 11. Koyo Joint (Xiamen) Co Limited               | Full year |
| 12. Koyo Electronics India Pvt Limited           | Full year |
| 13. PT JTEKT Indonesia                           | Full year |
| 14. JTEKT Automotive Lyon                        | Full year |
| 15. Fuji Kiko Company Limited                    | Full year |
| 16. Fuji Autotech Thailand                       | Full year |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### Transactions with the above parties:

| Particulars                             | Holding Company |               | Key management personnel |               | Other related parties |               | Total        |               |
|---|-----------------|---------------|--------------------------|---------------|-----------------------|---------------|--------------|---------------|
|   | Current Year    | Previous Year | Current Year             | Previous Year | Current Year          | Previous Year | Current Year | Previous Year |
| Cash discount paid                      | -               | -             | -                        | -             | 7.02                  | 3.17          | 7.02         | 3.17          |
| Commission to director                  | -               | -             | 36.50                    | 50.00         | -                     | -             | 36.50        | 50.00         |
| Dividend paid                           | 1,356.48        | 619.11        | 0.04                     | 0.02          | 355.40                | 69.00         | 1,711.92     | 688.13        |
| Interest income                         | -               | -             | -                        | -             | 16.93                 | 6.91          | 16.93        | 6.91          |
| Purchase of capital goods               | -               | -             | -                        | -             | 450.55                | 618.01        | 450.55       | 618.01        |
| Purchase of goods                       | 5,419.29        | 6,684.45      | -                        | -             | 6,804.11              | 8,033.65      | 12,223.40    | 14,718.10     |
| Receiving of services                   | 50.37           | 73.27         | -                        | -             | 7.54                  | 8.97          | 57.91        | 82.24         |
| Reimbursement of expenses recovered     | 34.72           | 50.82         | -                        | -             | 108.05                | 38.52         | 142.77       | 89.34         |
| Reimbursement of expenses paid          | 1,237.33        | 193.85        | -                        | -             | 84.10                 | 6.01          | 1,321.43     | 199.86        |
| Royalty                                 | 2,101.39        | 2,376.32      | -                        | -             | 204.81                | 191.89        | 2,306.20     | 2,568.21      |
| Sale of goods                           | 35.78           | 38.75         | -                        | -             | 107,374.07            | 113,647.04    | 107,409.85   | 113,685.79    |
| Sale of services                        | 321.20          | -             | -                        | -             | -                     | -             | 321.20       | -             |
| Director sitting fee                    | -               | -             | 22.75                    | 56.10         | 1.77                  | -             | 24.52        | 56.10         |
| Short-term employee benefits            | -               | -             | 553.00                   | 375.42        | -                     | -             | 553.00       | 375.42        |
| Post employment gratuity                | -               | -             | 24.08                    | 13.89         | -                     | -             | 24.08        | 13.89         |
| Technical support fee                   | 266.70          | 973.43        | -                        | -             | -                     | -             | 266.70       | 973.43        |
| Technicians expenses                    | 7.21            | -             | -                        | -             | -                     | -             | 7.21         | -             |
| Corporate guarantee on loans from bank* | 2,145.10        | 322.52        | -                        | -             | -                     | -             | 2,145.10     | 322.52        |

| Outstanding balances         | Holding Company |               | Key management personnel |               | Other related parties |               | Total        |               |
|------------------------------|-----------------|---------------|--------------------------|---------------|-----------------------|---------------|--------------|---------------|
|                              | Current Year    | Previous Year | Current Year             | Previous Year | Current Year          | Previous Year | Current Year | Previous Year |
| Outstanding Balance (Debit)  | 294.73          | 7.21          | -                        | -             | 8,260.80              | 10,885.29     | 8,555.53     | 10,892.50     |
| Outstanding Balance (Credit) | 3,295.49        | 2,770.73      | 0.68                     | 0.34          | 920.20                | 1,215.17      | 4,216.37     | 3,986.24      |

\* Loans of INR 2,145.10 lakhs (31 March 2019: INR Nil) against the corporate guarantee given by the holding company, JTEKT Corporation, Japan.

### 40. Lease related disclosures

The Group has leases for land, office buildings, warehouses and related facilities, cars and other office equipments. With the exception of short-term leases, leases of low-value underlying assets and leases with variable lease payments, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sub-lease the asset to another party, the right-of-use asset can only be used by the Group. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group is required to pay maintenance fees in accordance with the lease contracts.

#### A. Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

| Particulars                | 31 March 2020 |
|----------------------------|---------------|
| Short-term leases          | 374.10        |
| Leases of low value assets | 19.62         |
| Variable lease payments    | -             |
| <b>Total</b>               | <b>393.72</b> |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

**B. Lease under Ind AS 116 for the year ended 31 March 2020**

The Details of the right-of-use assets held by the Group is as follows:

| Particulars     | Depreciation charge for the year | Net carrying amount |
|-----------------|----------------------------------|---------------------|
| Lease hold land | 4.24                             | 102.57              |
| Buildings       | 47.02                            | 40.42               |
| <b>Total</b>    | <b>51.26</b>                     | <b>142.99</b>       |

**C. Amount recognised in Statements of Profit & Loss**

| Particulars  | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|----------------------------------|----------------------------------|
| Depreciation on right-of-use assets                    | 51.26                            | -                                |
| Interest on lease liabilities                          | 43.38                            | -                                |
| Rental expenses relating to short term leases          | 374.10                           | -                                |
| Rental expenses relating to leases of low value assets | 19.62                            | -                                |
| <b>Total</b>   | <b>488.36</b>                    | <b>-</b>                         |

**D. Amount recognised in Statements of cash flows**

| Particulars                        | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|------------------------------------|----------------------------------|----------------------------------|
| Total Cash out flow for the leases | 78.85                            | -                                |

E. The weighted average incremental borrowing rate applied to lease liabilities as at 1 April 2019 is 9.95%.

**F. Maturity of lease liabilities**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

| 31 March 2020             | Minimum lease payments due |             |           |           |           |                   | Total           |
|---------------------------|----------------------------|-------------|-----------|-----------|-----------|-------------------|-----------------|
|                           | Within 1 year              | 1-2 years   | 2-3 years | 3-4 years | 4-5 years | More than 5 years |                 |
| Lease payments            | 42.76                      | 4.36        | -         | -         | -         | 1,171.89          | <b>1,219.01</b> |
| Interest expense          | 2.19                       | 0.16        | -         | -         | -         | 800.16            | <b>802.51</b>   |
| <b>Net present values</b> | <b>40.57</b>               | <b>4.20</b> | <b>-</b>  | <b>-</b>  | <b>-</b>  | <b>371.73</b>     | <b>416.50</b>   |

**G. Impact on transition**

- Effective 1 April 2019, the Group adopted Ind AS-116 "Leases", applied to all lease contracts existing as on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of INR 194.25 lakhs and a lease liability of INR 451.97 lakhs. The cumulative effect of applying the standard resulted in INR 167.66 lakhs being debited to the retained earnings, net of taxes of INR 90.06 lakhs. Accordingly, the Statement of Profit and Loss for the year ended 31 March 2020 includes INR 51.26 Lakhs towards amortisation of Right-to-Use Assets and INR 43.38 Lakhs as finance cost in relation to unwinding of discount on lease liability with a corresponding impact on rent expense which has reduced by INR 78.85 Lakhs due to recognition of operating leases as Right-of-Use Assets and a corresponding lease liability. The net impact on profit after tax for the year ended 31 March 2020 is INR 11.89 Lakhs and related impact on earnings per share is INR 0.005 per share (Basic and diluted).
- For contracts in place as at 1 April 2019, Group has elected to apply the definition of a lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.
- The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being 1 April 2019.
- Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of Ind AS 116.
- On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

6. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 immediately before the date of initial application.
7. The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.
8. The difference between the operating lease commitments disclosed applying Ind AS 17 as at 31 March 2019 in the standalone financial statements for the year then ended and the lease liabilities recognised as at 1 April 2019 in these standalone financial statements is primarily on account of inclusion of extension and termination options reasonably certain to be exercised and exclusion of short term leases for which the Group recognises lease payments as an operating expenses on a straight-line basis over the term of lease, in measuring the lease liability in accordance with Ind AS 116.

### H. Leases under IND AS-17 for the year ended 31 March 2019

#### 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:

The minimum lease payments are as follows:

| Particulars  | For the year ended<br>31 March 2019 |
|--|-------------------------------------|
| Lease payments for the year recognised in the Statement of Profit and Loss | 439.34                              |
| <b>Minimum lease payments:</b>   |                                     |
| - Not later than one year  | 65.36                               |
| - Later than one year but not later than five years                        | 36.94                               |
| <b>Total</b>   | <b>102.30</b>                       |

### 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<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| <b>Revenue from external customers</b> |                                     |                                     |
| India                                  | 141,257.45                          | 164,865.52                          |
| Abroad                                 | 9,797.29                            | 10,531.06                           |
| <b>Total</b>                           | <b>151,054.74</b>                   | <b>175,396.58</b>                   |

#### Non current assets

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--------------|------------------------|------------------------|
| India        | 50,275.18              | 55,334.96              |
| Abroad       | -                      | -                      |
| <b>Total</b> | <b>50,275.18</b>       | <b>55,334.96</b>       |

#### Major customer

Revenue from transactions of the Group with some of its OEM customers exceed 10 per cent or more of the Company's total revenue.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

### 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 Group is in the process of updating the documentation of the international transactions entered into with the associated enterprises from April 2019 and expects such records to be in existence latest by November 2020 as required by law. 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.

### 43. Dividend

The Board of Directors of the Company in its meeting held on 22 June 2020, proposed a dividend of INR 855.68 lakhs (INR 0.35 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<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Current assets</b>                               |                        |                        |
| Financial assets                                    |                        |                        |
| <i>Pari-passu charge</i>                            |                        |                        |
| - Trade receivables                                 | 19,639.08              | 27,093.33              |
| - Cash and cash equivalents                         | 4,556.69               | 11,221.13              |
| - Other bank balances                               | 129.00                 | 156.72                 |
| - Loans   | 109.03                 | 132.51                 |
| - Other financial assets                            | 155.68                 | 798.93                 |
| Inventories   | 10,783.92              | 10,445.47              |
| Other current assets                                | 1,345.85               | 1,556.64               |
| <b>Total current assets pledged as security</b>     | <b>36,719.25</b>       | <b>51,404.73</b>       |
| <b>Non-current assets</b>                           |                        |                        |
| <i>Pari-passu charge</i>                            |                        |                        |
| - Property, plant and equipment                     | 30,763.27              | 34,112.00              |
| - Capital work-in-progress                          | 151.15                 | 876.94                 |
| - Intangible assets                                 | 4,626.88               | 5,607.68               |
| - Intangible assets under development               | -                      | 55.20                  |
| - Loans   | 252.78                 | 315.04                 |
| - Other financial assets                            | -                      | 40.31                  |
| - Income tax assets                                 | 893.85                 | 569.15                 |
| - Other non-current assets                          | 155.73                 | 112.84                 |
| <b>Total non-current assets pledged as security</b> | <b>36,843.66</b>       | <b>41,689.16</b>       |
| <b>Total assets pledged as security</b>             | <b>73,562.91</b>       | <b>93,093.89</b>       |

### 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

- recognised and measured at fair value and
- 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 within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1:** quoted 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 2020

(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 2020 |              |               |                  | As at 31 March 2019 |          |              |                  |
|---|------|--------------------|---------------------|--------------|---------------|------------------|---------------------|----------|--------------|------------------|
|   |      |                    | Carrying amount     | FVTPL        | FVOCI         | Amortised cost   | Carrying amount     | FVTPL    | FVOCI        | Amortised cost   |
| <b>Financial assets</b>                       |      |                    |                     |              |               |                  |                     |          |              |                  |
| <b>Non current</b>                            |      |                    |                     |              |               |                  |                     |          |              |                  |
| Loans   |      |                    |                     |              |               |                  |                     |          |              |                  |
| - Security deposits                           | b    |                    | 260.73              | -            | -             | 260.73           | 315.08              | -        | -            | 315.08           |
| - Loan to employees                           | b    |                    | 4.14                | -            | -             | 4.14             | 10.91               | -        | -            | 10.91            |
| Other financial assets                        |      |                    |                     |              |               |                  |                     |          |              |                  |
| - Interest rate swaps used for hedging        | d    | 2                  | -                   | -            | -             | -                | 40.31               | -        | 40.31        | -                |
| <b>Current</b>                                |      |                    |                     |              |               |                  |                     |          |              |                  |
| Trade receivables                             | a    |                    | 19,411.13           | -            | -             | 19,411.13        | 26,828.91           | -        | -            | 26,828.91        |
| Cash and cash equivalents                     | a    |                    | 6,092.44            | -            | -             | 6,092.44         | 12,212.44           | -        | -            | 12,212.44        |
| Other bank balances                           | a    |                    | 129.00              | -            | -             | 129.00           | 156.72              | -        | -            | 156.72           |
| Loans   |      |                    |                     |              |               |                  |                     |          |              |                  |
| - Security deposits                           | a    |                    | 97.45               | -            | -             | 97.45            | 69.06               | -        | -            | 69.06            |
| - Loan to employees                           | a    |                    | 11.99               | -            | -             | 11.99            | 63.87               | -        | -            | 63.87            |
| Other financial assets                        |      |                    |                     |              |               |                  |                     |          |              |                  |
| - Interest accrued but not due on deposits    | a    |                    | 9.73                | -            | -             | 9.73             | 8.55                | -        | -            | 8.55             |
| - Forward exchange contracts used for hedging | d    | 2                  | 35.04               | 35.04        | -             | -                | -                   | -        | -            | -                |
| - Interest rate swaps used for hedging        | d    | 2                  | 111.01              | -            | 111.01        | -                | 52.40               | -        | 52.40        | -                |
| - Unbilled revenue                            | a    |                    | -                   | -            | -             | -                | 737.98              | -        | -            | 737.98           |
| <b>Total</b>                                  |      |                    | <b>26,162.66</b>    | <b>35.04</b> | <b>111.01</b> | <b>26,016.61</b> | <b>40,496.23</b>    | <b>-</b> | <b>92.71</b> | <b>40,403.52</b> |

| Particulars  | Note | Level of hierarchy | As at 31 March 2020 |          |          |                  | As at 31 March 2019 |              |          |                  |
|--|------|--------------------|---------------------|----------|----------|------------------|---------------------|--------------|----------|------------------|
|  |      |                    | Carrying amount     | FVTPL    | FVOCI    | Amortised cost   | Carrying amount     | FVTPL        | FVOCI    | Amortised cost   |
| <b>Financial liabilities</b>   |      |                    |                     |          |          |                  |                     |              |          |                  |
| <b>Non current</b>   |      |                    |                     |          |          |                  |                     |              |          |                  |
| Borrowings   | c    |                    | 1,609.06            | -        | -        | 1,609.06         | 4,744.93            | -            | -        | 4,744.93         |
| Lease liability  | c    |                    | 375.93              | -        | -        | 375.93           | -                   | -            | -        | -                |
| <b>Current</b>   |      |                    |                     |          |          |                  |                     |              |          |                  |
| Borrowings   | c    |                    | 3,318.33            | -        | -        | 3,318.33         | 8,887.62            | -            | -        | 8,887.62         |
| Lease liability  | c    |                    | 40.57               | -        | -        | 40.57            | -                   | -            | -        | -                |
| Trade payable  |      |                    |                     |          |          |                  |                     |              |          |                  |
| - Total outstanding dues of micro enterprises and small enterprises                      | a    |                    | 186.98              | -        | -        | 186.98           | 280.26              | -            | -        | 280.26           |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | a    |                    | 14,170.60           | -        | -        | 14,170.60        | 20,492.62           | -            | -        | 20,492.62        |
| Other financial liabilities  |      |                    |                     |          |          |                  |                     |              |          |                  |
| - Current maturities of long-term borrowings   | a    |                    | 2,469.12            | -        | -        | 2,469.12         | 5,205.72            | -            | -        | 5,205.72         |
| - Interest accrued but not due on borrowings   | a    |                    | 20.56               | -        | -        | 20.56            | 23.09               | -            | -        | 23.09            |
| - Security deposits  | a    |                    | 16.30               | -        | -        | 16.30            | 46.69               | -            | -        | 46.69            |
| - Unclaimed dividends  | a    |                    | 223.26              | -        | -        | 223.26           | 230.91              | -            | -        | 230.91           |
| - Forward exchange contracts used for hedging  | d    | 2                  | -                   | -        | -        | -                | 97.42               | 97.42        | -        | -                |
| - Employee dues  | a    |                    | 1,014.17            | -        | -        | 1,014.17         | 1,160.68            | -            | -        | 1,160.68         |
| - Creditors for capital goods  | a    |                    | 817.43              | -        | -        | 817.43           | 867.82              | -            | -        | 867.82           |
| <b>Total</b>   |      |                    | <b>24,262.31</b>    | <b>-</b> | <b>-</b> | <b>24,262.31</b> | <b>42,037.76</b>    | <b>97.42</b> | <b>-</b> | <b>41,940.34</b> |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

- 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 2020 and 31 March 2019.

### 46. Financial risk management

The Group is primarily engaged in the manufacturing steering systems and other auto components for passenger and utility 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.

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                               |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(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 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) Financial assets for which allowance is measured using 12 months expected credit losses.

| Particulars             | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------|------------------------|------------------------|
| Loans                   | 109.44                 | 132.93                 |
| Other financials assets | 155.78                 | 798.93                 |

#### (b) The ageing analysis of trade receivables for which loss allowance is measured using Life time expected credit losses as at the reporting data is as follows:

| Particulars                                     | As at<br>31 March 2020 | 0-6 months | 6-12 months | More than<br>12 months |
|---|------------------------|------------|-------------|------------------------|
| Gross Carrying amount                           | 19,411.13              | 19,341.84  | 58.06       | 11.23                  |
| Expected credit loss (Loss allowance provision) | -                      | -          | -           | -                      |
| Carrying amount of trade receivables            | 19,411.13              | 19,341.84  | 58.06       | 11.23                  |

| Particulars                                     | As at<br>31 March 2020 | 0-6 months | 6-12 months | More than<br>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                  |

#### (c) The Group's exposure to credit risk for trade receivable by geographic region is as follows:

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--------------|------------------------|------------------------|
| India        | 17,728.86              | 24,579.46              |
| USA          | 1,562.25               | 1,972.15               |
| France       | 113.64                 | 236.09                 |
| Japan        | 5.48                   | 7.03                   |
| UK           | -                      | 31.69                  |
| Korea        | 0.90                   | 2.49                   |
| <b>Total</b> | <b>19,411.13</b>       | <b>26,828.91</b>       |

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(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 Group 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 2020 and 31 March 2019 is re-presented 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:

| 31 March 2020   | Carrying value<br>as at 31 March 2020 | Contractual cash flows |               |               |                      |
|---|---------------------------------------|------------------------|---------------|---------------|----------------------|
|   |                                       | Less than 1 year       | 1-2 year      | 2-3 year      | More than<br>3 years |
| <b>Non derivative financial liabilities</b>                       |                                       |                        |               |               |                      |
| Borrowings (including interest accrued but not due on borrowings) | 7,417.07                              | 5,679.12               | 991.39        | 619.23        | -                    |
| Trade payables  | 14,357.58                             | 14,357.58              | -             | -             | -                    |
| Lease liability   | 416.50                                | 40.57                  | 4.20          | -             | 371.73               |
| Other financial liabilities                                       |                                       |                        |               |               |                      |
| - Security deposits   | 16.30                                 | 16.30                  | -             | -             | -                    |
| - Unclaimed dividends   | 223.26                                | 223.26                 | -             | -             | -                    |
| - Employee dues   | 1,014.17                              | 1,014.17               | -             | -             | -                    |
| - Creditors for capital goods                                     | 817.43                                | 817.43                 | -             | -             | -                    |
| <b>Derivative financial liabilities</b>                           |                                       |                        |               |               |                      |
| Other financial liabilities                                       |                                       |                        |               |               |                      |
| - Forward exchange contracts used for hedging                     | -                                     | -                      | -             | -             | -                    |
| <b>Total</b>  | <b>24,262.31</b>                      | <b>22,148.43</b>       | <b>995.59</b> | <b>619.23</b> | <b>371.73</b>        |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

| 31 March 2019   | Carrying value<br>as at 31 March 2019 | Contractual cash flows |                 |                 |                      |
|---|---------------------------------------|------------------------|-----------------|-----------------|----------------------|
|   |                                       | Less than 1 year       | 1-2 year        | 2-3 year        | More than<br>3 years |
| <b>Non derivative financial liabilities</b>                       |                                       |                        |                 |                 |                      |
| 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                 | -               | -               | -                    |
| <b>Derivative financial liabilities</b>                           |                                       |                        |                 |                 |                      |
| Other financial liabilities                                       |                                       |                        |                 |                 |                      |
| - Forward exchange contracts used for hedging                     | 97.42                                 | 97.42                  | -               | -               | -                    |
| <b>Total</b>  | <b>42,037.76</b>                      | <b>37,986.03</b>       | <b>2,937.41</b> | <b>1,403.98</b> | <b>886.35</b>        |

### 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 2020 and 31 March 2019. 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 2020.

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 2020 and 31 March 2019..

#### 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..

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

## (i) Foreign currency risk exposure

Details of unhedged foreign currency exposures is as follows:

| Particulars                  | As at<br>31 March 2020 |              | As at<br>31 March 2019 |              |
|------------------------------|------------------------|--------------|------------------------|--------------|
|                              | Foreign<br>currency    | Rupee<br>INR | Foreign<br>currency    | Rupee<br>INR |
| <b>Financial assets</b>      |                        |              |                        |              |
| Receivables (trade & others) |                        |              |                        |              |
| USD                          | 20.83                  | 1,563.15     | 29.17                  | 2,006.41     |
| EURO                         | 1.38                   | 113.64       | 3.08                   | 236.09       |
| JPY                          | 7.97                   | 5.48         | 11.35                  | 7.00         |
| <b>Financial liabilities</b> |                        |              |                        |              |
| Payables (trade & others)    |                        |              |                        |              |
| USD                          | 14.85                  | 1,126.60     | 1.59                   | 110.97       |
| EURO                         | 0.15                   | 12.96        | 0.49                   | 38.55        |
| JPY                          | 1,364.05               | 962.34       | 416.39                 | 263.57       |
| CHF                          | 0.04                   | 3.41         | -                      | -            |
| <b>Borrowings - others</b>   |                        |              |                        |              |
| USD                          | 34.52                  | 2,619.88     | 27.36                  | 1,905.13     |

The outstanding forward exchange contracts and currency swap &amp; 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<br>31 March 2020 |              | As at<br>31 March 2019 |              |
|------------------------------|------------------------|--------------|------------------------|--------------|
|                              | Foreign<br>currency    | Rupee<br>INR | Foreign<br>currency    | Rupee<br>INR |
| <b>Financial liabilities</b> |                        |              |                        |              |
| Payables (trade & others)    |                        |              |                        |              |
| USD                          | 7.33                   | 556.33       | 5.79                   | 403.01       |
| JPY                          | 2,146.14               | 1,514.10     | 4,179.11               | 2,645.38     |
| CHF                          | -                      | -            | 0.36                   | 25.39        |
| <b>Borrowings - ECB</b>      |                        |              |                        |              |
| USD                          | 11.76                  | 898.82       | 27.06                  | 1,896.82     |
| <b>Borrowings - Others</b>   |                        |              |                        |              |
| USD                          | -                      | -            | -                      | -            |

The following significant exchange rates were applied at the year end::

| Particulars                          | Year end rates         |                        |
|--------------------------------------|------------------------|------------------------|
|                                      | As at<br>31 March 2020 | As at<br>31 March 2019 |
| <b>Financial assets</b>              |                        |                        |
| Receivables (trade & others)         |                        |                        |
| USD / INR                            | 75.05                  | 68.78                  |
| EURO / INR                           | 82.14                  | 76.69                  |
| JPY / INR                            | 0.69                   | 0.62                   |
| <b>Financial liabilities</b>         |                        |                        |
| Payables (trade & other)             |                        |                        |
| USD / INR                            | 75.88                  | 69.63                  |
| EURO / INR                           | 84.26                  | 78.69                  |
| JPY / INR                            | 0.71                   | 0.63                   |
| <b>Borrowings - ECB &amp; Others</b> |                        |                        |
| USD / INR                            | 75.90                  | 69.63                  |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

(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 2020          | As at 31 March 2019 | As at 31 March 2020          | As at 31 March 2019 |
| Receivables (trade & others) | Statement of profit and loss                               | USD      | 15.63                        | 20.06               | (15.63)                      | (20.06)             |
|                              | Statement of profit and loss                               | EURO     | 1.14                         | 2.36                | (1.14)                       | (2.36)              |
|                              | Statement of profit and loss                               | JPY      | 0.05                         | 0.07                | (0.05)                       | (0.07)              |
| Payables (trade & others)    | Statement of profit and loss                               | USD      | 11.27                        | 1.11                | (11.27)                      | (1.11)              |
|                              | Statement of profit and loss                               | EURO     | 0.13                         | 0.39                | (0.13)                       | (0.39)              |
|                              | Statement of profit and loss                               | JPY      | 9.62                         | 2.64                | (9.62)                       | (2.64)              |
|                              | Statement of profit and loss                               | CHF      | 0.03                         | -                   | (0.03)                       | -                   |
| Borrowings - others          | Statement of profit and loss                               | USD      | 26.20                        | 19.05               | (26.20)                      | (19.05)             |

### (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 unhedged 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 2020 | Outstanding principal (in Foreign currency) As at 31 March 2019 |
|------------------------------------|---|----------|---|---|
| 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      | 11.76   | 27.06   |
| Forward contacts                   | Hedge taken for the purpose of hedging its foreign currency exposures in trade payables / trade receivables                               | USD      | 7.33  | 5.79  |
| Forward contacts                   | Hedge taken for the purpose of hedging its foreign currency exposures in trade payables / trade receivables                               | JPY      | 2146.14   | 4179.11   |
| Forward contacts                   | Hedge taken for the purpose of hedging its foreign currency exposures in trade payables / trade receivables                               | CHF      | 0.00  | 0.36  |



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(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 2020, 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<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------|------------------------|------------------------|
| Variable rate borrowing | 6,497.69               | 16,941.45              |
| Fixed rate borrowing    | 898.82                 | 1,896.82               |
| <b>Total borrowings</b> | <b>7,396.51</b>        | <b>18,838.27</b>       |

##### *Sensitivity*

Below is the sensitivity of profit or loss and equity changes in interest rates.

| Particulars                                      | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>Interest sensitivity*</b>                     |                        |                        |
| Interest rates – increase by 50 bps basis points | 32.49                  | 84.71                  |
| Interest rates – decrease by 50 bps basis points | (32.49)                | (84.71)                |

\* 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, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(All amount are in INR lakhs, unless otherwise stated)

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<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Total borrowings (includes Non-Current borrowings, current borrowings and current maturities of non current borrowings) | 7,396.51               | 18,838.27              |
| Less : cash and cash equivalent   | (6,092.44)             | (12,212.44)            |
| <b>Net debt</b>   | <b>1,304.07</b>        | <b>6,625.83</b>        |
| Total equity  | 59,563.13              | 59,290.65              |
| <b>Debt ratio</b>   | <b>0.02</b>            | <b>0.11</b>            |

## 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 Group 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<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>Dividend not recognised at the end of the reporting period:</b>             |                        |                        |
| Proposed final dividend per share INR 0.35 (31 March 2019: INR 0.80 per share) | 855.68                 | 1,955.84               |

48. In March 2020, the World Health Organization declared COVID 19 to be a pandemic. Consequent to this, Government of India declared a national lockdown on 25 March 2020, which has impacted the business activities of the Group. The Group has assessed the impact that may result from this pandemic on its liquidity position, carrying amounts of receivables, inventories, tangible and intangible assets, investments, and other assets / liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group has considered internal and external information available till the date of approval of Consolidated Financial Statements and has assessed its situation.

In that context and based on the current estimates, the Group does not foresee any significant incremental risk to the recoverability of its assets or in meeting its financial obligations over the foreseeable future, given early and required steps taken to contain, project and mitigate the exposure. However, the overall economic environment, being uncertain due to COVID 19, may affect the underlying assumptions and estimates in future, which may differ from those considered as at the date of approval of these Consolidated Financial Statements. The Group would closely monitor such developments in future economic conditions and consider their impact on the Consolidated Financial Statements of the relevant periods.

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 : 22 June 2020

For and on behalf of the Board of Directors of  
**JTEKT India Limited**

(Formerly known as Sona Koyo Steering Systems Limited)

**Sudhir Chopra**  
Executive Vice Chairman  
DIN 00058148

**Rajiv Chanana**  
Chief Financial Officer

Place : Gurugram  
Date : 22 June 2020

**Akihiko Kawano**  
Managing Director  
DIN 08160588

**Nitin Sharma**  
Company Secretary

**Geeta Mathur**  
Independent Director  
DIN 02139552  
New Delhi

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(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<br>(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  | 4,345.82  |
| 6.  | Total assets  | 6,973.10  |
| 7.  | Total liabilities   | 1,627.28  |
| 8.  | Investments   | -   |
| 9.  | Revenue from operations   | 9,997.64  |
| 10. | Profit before taxation  | 1,301.20  |
| 11. | Provision for taxation  | 308.79  |
| 12. | Profit after taxation   | 992.41  |
| 13. | Other comprehensive income  | (11.94)   |
| 14. | Total comprehensive income  | 980.47  |
| 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)

**Sudhir Chopra**  
Executive Vice Chairman  
DIN 00058148

**Akihiko Kawano**  
Managing Director  
DIN 08160588

**Geeta Mathur**  
Independent Director  
DIN 02139552  
New Delhi

**Rajiv Chanana**  
Chief Financial Officer

**Nitin Sharma**  
Company Secretary

Place : Gurugram  
Date : 22 June 2020



# JTEKT

## JTEKT

Set of Guiding Principles



## 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 our team members.

We will deliver "No.1, Only One" products and services through "Building Values", "Building Excellent Products" and Building Professionals"

#### Building Values

Provide Value to Customers by delivering products and services that exceed their expectations.

#### Building Excellent Products

Astonish the world with "Monozukuri" the art of refined craftsmanship and superior quality

#### Building Professionals

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.

JTEKT WAY  
Our absolute ambition

### 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)

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