



## BHARAT SEATS LIMITED

CIN: L34300DL1986PLC023540

Plot No.1, Maruti Udyog Joint Venture Complex, Gurugram-122015 (Haryana) India

Phones : (+91) 9643339870-74 Fax : 0124-2341188

E-mail: seats@bharatseats.net WEBSITE: www.bharatseats.com

29.08.2020

Corporate Relationship Department  
Bombay Stock Exchange Limited  
Floor 25, P.J.Towers  
Dalal Street  
Mumbai – 400 001

REF: SCRIP CODE : 523229

Sub: Notice of 33<sup>rd</sup> Annual General Meeting and Annual Report for the financial year 2019-2020

Dear Sir

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Notice for the 33<sup>rd</sup> Annual General Meeting of Bharat Seats Limited scheduled to be held on 21<sup>st</sup> September, 2020 along with Annual Report of the Company for the financial year 2019-2020.

This is for your information and record.

FOR BHARAT SEATS LIMITED

(RITU BAKSHI)

COMPANY SECRETARY

Encl: As Above

Regd.Office: 1, Nelson Mandela Road, Vasant Kunj, New Delhi-110070

Phone: 09810808631



# 33<sup>RD</sup> ANNUAL REPORT 2019-2020



**BHARAT SEATS LIMITED**

**Corporate Information**
**Board of Directors**

- |                             |  |
|-----------------------------|--|
| 1. Mr. Rohit Relan          | Chairman and Managing Director (DIN: 00257572)                   |
| 2. Mr. Toshiya Miki         | Director-Nominee-Suzuki Motor Corporation, Japan (DIN: 07505339) |
| 3. Mr. Raman Venkat Challa  | Director-Nominee-Maruti Suzuki India Limited (DIN: 07093663)     |
| 4. Ms. Sharda Relan         | Director (DIN: 00252181)   |
| 5. Mr. Ajay Relan           | Director (DIN: 00257584)   |
| 6. Mr. Girish Narain Mehra  | Independent Director (DIN: 00059311)                             |
| 7. Mr. Prateep Kumar Lahiri | Independent Director (DIN: 00039653)                             |
| 8. Mr. Ravindra Gupta       | Independent Director (DIN: 01521168)                             |
| 9. Ms. Shyamla Khera        | Independent Director (DIN: 06929439)                             |
| 10. Mr. Arvind Varma        | Independent Director (DIN: 02225281)                             |

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**Corporate Identity Number**
**Bankers**

HDFC Bank Ltd.  
Yes Bank Ltd.  
MUFG Bank, Ltd.  
State Bank of India  
IDBI Bank Ltd.

**Registered Office**

1, Nelson Mandela Road, Vasant Kunj,  
New Delhi-110070.

**Works**
**Plant 1**

Plot No. 1, Maruti Udyog Joint Venture Complex,  
Gurugram - 122 015 (Haryana)

**Plant 2**

Plot No. Musttil No. 226, Kila No. 7/1,  
Village Borakalan, Tehsil - Farukhnagar,  
Gurugram (Haryana)

**Plant 3**

Plot No. 26, Sector-3A,  
Maruti Supplier Park, IMT, Manesar, Gurugram(Haryana)

**Plant 4**

New Survey/ Block No.30 (Old Revenue Survey no. 403/9)  
Moje Naviyani, Taluka Dasada, Distt. Surenderanagar,  
Part of Nihon Industrial Park, Gujarat

**Plant 5**

Plot No. 665, Sector-37, Pace City II, Gurugram (Haryana)

**Plant 6**

Plot No. 702, Sector-37, Pace City II, Gurugram (Haryana)

**Auditors**

M/s S.R. Battiboi & Co. LLP  
Chartered Accountants  
Gurugram

**Listed at**

BSE Limited

**Chief Financial Officer**

Mr. Sanjeev Kumar

**Company Secretary And Compliance Officer**

Ms. Ritu Bakshi

**Registrar And Share Transfer Agent**

Alankit Assignments Limited  
4E/2, Alankit House, Jhandewalan Extension,  
New Delhi - 110 055

**E-Mail and Website**

Investor\_relations@bharatseats.net, www.bharatseats.com

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**BHARAT SEATS LIMITED**

(CIN: L34300DL1986PLC023540)

Regd. Office: 1, Nelson Mandela Road, Vasant Kunj, New Delhi-110070

Phones: +91 9643339870-74 Fax: 0124-2341188

E-mail: seats@bharatseats.net Website: www.bharatseats.com

**NOTICE**

**NOTICE is hereby given that the Thirty Third Annual General Meeting of the members of BHARAT SEATS LIMITED will be held on Monday, 21<sup>st</sup> September, 2020 at 11 a.m. through Video Conferencing (VC) / Other Audio Video means (OAVM) to transact the following businesses:**

**Ordinary Business:**

1. To receive, consider and adopt the audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2020 together with the reports of the Directors and Auditors thereon and in this regard pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT the audited financial statements of the Company for the year ended 31<sup>st</sup> March, 2020 together with the reports of the Directors and Auditors thereon be and are hereby received, considered and adopted.”

2. To declare dividend on equity shares for the financial year ended March 31, 2020 and in this regard to pass the following resolution as an **Ordinary Resolution:**

“Resolved that pursuant to the recommendation of the board of directors of the Company, dividend at the rate of Re.0.50 per Equity share of Rs.2/- each on the paid up equity share capital of the Company be and is hereby declared to be paid to the members of the Company.”

3. To appoint Mr. Raman Venkat Challa (DIN: 07093663) who retires by rotation at this meeting as a Director and being eligible offers himself for re-appointment and in this regard to pass the following resolution as an **Ordinary resolution:**

“Resolved that Mr. Raman Venkat Challa (DIN: 07093663) who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

**Special Business:**

4. **Remuneration to Mr. Rohit Relan, Chairman and Managing Director of the Company**

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

“Resolved that in accordance with the provisions of Section 197 read with schedule V of the Companies Act, 2013, all other applicable provisions, if any, of

the Companies Act, 2013, including any statutory modifications or re-enactment thereof, and any other laws prevailing for the time being in force and in accordance with the recommendation made by the Nomination and Remuneration Committee and by the Board, Shri Rohit Relan, Chairman and Managing Director(CMD) of the Company be paid the same remuneration as was approved by the shareholders at the Annual General Meeting held on 20th July, 2016 for the rest of his tenure as Managing Director, i.e. from 1st October, 2019 to 30th September, 2021, on the following terms and conditions as detailed below:

**Salary:**

- A. **BASIC SALARY :** Rs. 11,50,000/- per month with the provision of annual increment of Rs.100,000/- per month in the scale of Rs.11,50,000 - Rs.100,000-Rs.12,50,000 per month.
- B. **ALLOWANCES & PERQUISITES:** Rs. 2,50,000/- per month with the provision of annual increment of Rs.50,000/- per month in the scale of Rs.2,50,000 – Rs.50,000-Rs.3,00,000 per month.
- C. In addition to the above, CMD shall also be entitled to the following perquisites:

Company’s contribution to Provident Fund as per the rules of the Company.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, Mr. Rohit Relan, CMD, shall be paid minimum remuneration as mentioned herein above without any variation.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto.”

5. To approve and authorise related party transactions and in this regard to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to Section 188 of the Companies Act, 2013 read with the Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as recommended and approved by the Audit Committee and Board of Directors in their respective meetings held on 12<sup>th</sup> June, 2020, the consent of the Company be and is hereby accorded for entering into contract or arrangement with the related parties as defined under the Act and the Rules made thereunder, as per details and on terms & conditions as set out under Item no. 5 of the Explanatory Statement annexed to this Notice.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto.”

6. To amend the ‘Main Object Clause’ of the Memorandum of Association and in this regard to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 13 and other applicable provisions, if any, of Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force), and the rules framed there under, consent of the shareholders of the Company be and is hereby accorded, subject to the approval of the Registrar of Companies, NCT of Delhi & Haryana, to append following sub clause (4) after sub clause (3) of clause III (A) of the Memorandum of Association of Company:

“(4) To carry on the business as a manufacturer, trader, consignment agent, commission agent, importer, exporter and/ or dealer of safety personal protective equipment (PPE)/ Fabric body coverall/ Hazmat (Hazardous Material) garments, suits for medical and/ or other purposes.”

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, Mr. Rohit Relan, Chairman and Managing Director and Ms. Ritu Bakshi, Company Secretary of the Company be and are hereby severally authorised, on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the

aforesaid resolution along with filing of necessary E-form with the Registrar of Companies, NCT of Delhi and Haryana.”

By Order of the Board  
For Bharat Seats Limited

Ritu Bakshi  
Company Secretary  
FCS No. 3401

Place : Gurugram  
Date : June 12, 2020

**NOTES:**

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 in regard to the special business as set out under item no. 4 to item no.6 and the relevant details pursuant to Regulation 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this Annual General Meeting (“AGM”) is annexed hereto.
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed, the Government of India, Ministry of Corporate affairs allowed conducting Annual General meeting through video conferencing(VC) or other audio video means(OAVM) and dispensed personal presence of the members at the meeting. Accordingly, the Ministry of Corporate Affairs issued Circular no.14/2020 dated 8th April, 2020, Circular no.17/2020 dated 13th April, 2020 and Circular no.20/2020 dated 5th May, 2020, prescribed the procedures and manner of conducting the Annual General meeting through VC/ OAVM. In terms of the said circulars, the 33rd Annual General Meeting(AGM) of the members can be held through VC or OAVM. Hence, Members can attend and participate in the meeting through VC/ OAVM only. The notice of the 33rd AGM will be available on the website of the Company at [www.bharatseats.com](http://www.bharatseats.com) and on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and also on the website of CDSL(agency for providing the remote e-voting facility and e-voting system during the AGM) at [www.evotingindia.com](http://www.evotingindia.com). The detailed procedure for participating in the meeting through VC/ OAVM is annexed herewith (Refer Serial no.29) and is available at the Company’s website [www.bharatseats.com](http://www.bharatseats.com).
3. Since the AGM is being conducted through VC/ OAVM, there is no provision for appointment of proxies. Accordingly, appointment of proxies by the members will not be available.
4. Members are requested to participate on first come first serve basis, as participation through video conferencing is limited and will be closed on expiry of 15 minutes from the scheduled time of the AGM. However, the participation of members holding 2% or

more is not restricted on first come first serve basis. Members can login and join 30 (Thirty) minutes prior to the scheduled time of meeting and window for joining can be kept open till the expiry of 15 minutes after the scheduled time. Participation is restricted to 1000 members only.

5. Members can raise questions two days in advance at [investor\\_relations@bharatseats.net](mailto:investor_relations@bharatseats.net). However, it is requested to raise the queries precisely and in short to enable to answer the same.
6. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company or to the office of the Registrar and Share Transfer Agent, Alankit Assignments Limited, enclosing their share certificate(s) to enable the Company to consolidate their holdings in one single folio.
7. Corporate members are requested to send at [vijayps1@alankit.com](mailto:vijayps1@alankit.com) or [investor\\_relations@bharatseats.net](mailto:investor_relations@bharatseats.net) before e-voting/ attending annual general meeting, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013.
8. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 15, 2020 to Monday, September 21, 2020, both days inclusive, for determining the entitlement of the shareholders to the Dividend for 2019-2020, if declared.
9. The Dividend on Equity Shares, as recommended by the Board of Directors, if declared at the meeting, will be credited/ dispatched between 21<sup>st</sup> September, 2020 to 20<sup>th</sup> October, 2020 to those shareholders whose names appear in the Register of Members on September 14, 2020. In case of shares held in dematerialised form, the dividend thereon, will be paid to Beneficial Owners, as per details furnished by the Depositories, i.e. National Securities Depository Limited and Central Depository Services (India) Limited as on the close of business hours on September 14, 2020.
10. Members who hold shares in dematerialised form may kindly note that their Bank Account details, registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Alankit Assignments Ltd. cannot act on any request received directly from the members holding shares in dematerialised form, for deletion of or change in such Bank Account details. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.
11. Members holding shares in physical form and desirous of either registering bank particulars or changing bank

particulars already registered against their respective folios for payment of dividend, are requested to notify the Company/ Alankit Assignments Ltd. In case any member is unable to submit their details for remittance of dividend through ECS, their dividend warrants/ cheques shall be despatched upon normalization of the postal services, post covid-19.

12. The Company has transferred the unpaid or unclaimed dividends declared up to the financial years 2011-2012, from time to time on due dates to the Investor Education and Protection Fund (the IEPF) established by the Central Government.
  13. Pursuant to the provisions of the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on 31<sup>st</sup> March, 2019, on the website of the IEPF Authority viz. [www.iepf.gov.in](http://www.iepf.gov.in) and on the website of the Company and the same can be accessed through the link: [www.bharatseats.com/unclaimed-dividend-31-03-2019/](http://www.bharatseats.com/unclaimed-dividend-31-03-2019/).
  14. Members are requested to note that, dividends if not encashed for a period of seven years from the date of transfer to Unpaid dividend account of the Company, are liable to be transferred to the IEPF. The shares in respect of such unclaimed dividend if not encashed for a consecutive period of 7 (seven) years are also liable to be transferred to the demat account of the IEPF Authority. In view of this, members are requested to claim their dividends from the Company within the stipulated time line.
- Due dates for transfer of unclaimed/ unpaid dividends for the financial year 2012-13 and thereafter to IEPF are as follows:
- | F.Y. Ended     | Declaration Date   | Due Date         |
|----------------|--------------------|------------------|
| March 31, 2013 | July 29, 2013      | August 26, 2020  |
| March 31, 2014 | July 21, 2014      | August 18, 2021  |
| March 31, 2015 | July 17, 2015      | August 14, 2022  |
| March 31, 2016 | July 20, 2016      | August 17, 2023  |
| March 31, 2017 | September 21, 2017 | October 19, 2024 |
| March 31, 2018 | September 25, 2018 | October 24, 2025 |
| March 31, 2019 | September 19, 2019 | October 16, 2026 |
- 15 (a) Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during the financial year 2019-20, transferred to the IEPF Authority, all shares in respect of which dividend has remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer i.e. September 7, 2019. Details of shares transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through the link: [www.bharatseats.com/unclaimed-dividend-31-03-2019/](http://www.bharatseats.com/unclaimed-dividend-31-03-2019/).



- [bharatseats.com/wp-content/uploads/2020/05/details-of-equity-shares.pdf](http://bharatseats.com/wp-content/uploads/2020/05/details-of-equity-shares.pdf). The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in).
- (b) Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them. Concerned members/ investors are advised to visit the weblink : [www.mca.gov.in/mcafoportal/run/iepf5service.do](http://www.mca.gov.in/mcafoportal/run/iepf5service.do), or contact Alankit Assignments Limited for lodging claim for refund of shares and/ or dividend from the IEPF Authority. Members can file only one consolidated claim in a financial year as per the IEPF Rules.
16. SEBI vide notification no. SEBI/LAD-NRO/GN/2018/24 dated Jun 8, 2018 has amended Regulation 40 of the Listing Regulations mandating transfer of securities in to be carried out only in dematerialized form (except in case of transmission or transposition of shares) which became effective from 1<sup>st</sup> April, 2019. Accordingly for transfer of shares of listed entities will not be processed unless the securities are held in dematerialized form with depositories. In view of the above and to avail various benefits of dematerialization, members are advised to dematerialize shares held by them in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares.
17. To prevent fraudulent transactions, members are requested to notify any change in address or demise of any member, as soon as possible.
18. Members holding shares in physical mode:
- (a) are required to submit their permanent Account Number(PAN) and Bank account details to the Company/ Alankit Assignments Limited, if not registered with the Company as mandated by SEBI vide circular dated April 20, 2018 and circular No. SEBI/HO/MIRSD/DOP/1/CIR/P/2018/73.
- (b) are advised to register the nomination in respect of their shareholding in the Company.
- (c) are requested to register/ update their email address with the Company/ Alankit Assignments Limited, for receiving all communications from the Company electronically.
19. Members holding shares in electronic mode:
- (a) are requested to submit their PAN and Bank account details to their respective DPs with whom they are maintaining their demat accounts.
- (b) are advised to contact their respective DPs for registering the nomination.
- (c) are requested to register/ update their email address with their respective DPs for receiving all communications from the Company electronically.
20. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs. Accordingly no resolution is proposed for ratification of appointment of Auditors who were appointed in the Annual General Meeting held on 21st September, 2017.
21. Electronic copy of the Notice of the Thirty Third Annual General Meeting and Annual Report for 2019-2020 is being sent to all the members whose email IDs are registered with the Company/ Depository Participant.
22. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode. Members can inspect the same by sending an email to [investor\\_relations@bharatseats.net](mailto:investor_relations@bharatseats.net).
23. In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Registrar and Transfer Agents, M/s Alankit Assignments Limited, under the signature of the Sole/ First Joint holder, the following information to be incorporated on dividend warrants:
- a. Name of the Sole/ First joint holder and the Folio Number.
- b. Particulars of Bank Account, viz.:
- Name of the Bank
- Name of the Branch
- Complete Address of the Bank with Pin Code Number
- Account Type, whether Saving Account (SA) or Current Account (CA)
- Bank Account Number
24. Members are requested to send their queries, if any, on the accounts and operations of the Company to the Company Secretary at least 7 days before the Annual General Meeting.
25. The Company has designated an exclusive e-mail ID namely, [investor\\_relations@bharatseats.net](mailto:investor_relations@bharatseats.net) for receiving and addressing investors' grievances.
26. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations,

the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on the cutoff date i.e. September 14, 2020, i.e. the date prior to the commencement of book closure, are entitled to vote on the Resolutions set forth in this Notice. Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9.00 a.m. (IST) on Thursday, September 17, 2020 and will end at 5.00 p.m. (IST) on Sunday, September 20, 2020. In addition, the facility for voting through electronic voting system shall also be made available at the AGM and the Members who are present in the AGM through video conferencing facility and have not cast their vote by remote e-voting shall be eligible to vote at the AGM through e-voting system. (Refer point no. 29) for detailed procedure to vote through e-voting). Members whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e- voting for the resolutions are requested to refer the instructions provided at serial no. 29.

27. The Company has appointed Mr. R.S. Bhatia, Company Secretary in Practice, (Membership Number : FCS 2599, CP No. 2514) and failing him, Mr. Hardev Singh, Company Secretary in Practice, (Membership Number: FCS 6673, CP No.3317) to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner.

28. The facility of casting the votes by the members using an electronic voting system will be provided by Central Depository Services (India) Limited (CDSL).

29. The details of the process and manner for remote e-voting are explained herein below:

- (i) The shareholders should log on to the CDSL e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (ii) Click on "Shareholders" module.
- (iii) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login

credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/ RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For shareholders holding shares in physical form, the details can be used only for e-voting





on the resolutions contained in this Notice.

- (x) Click on the EVSN of the Company.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

### **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id.** at [investor\\_relations@bharatseats.net](mailto:investor_relations@bharatseats.net) or [rta@alankit.com](mailto:rta@alankit.com).
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card),

AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id.**

3. The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system, conducted by Registrar and Share Transfer Agent, Alankit Assignments Limited. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **two days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **two days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.



### INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

#### (xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [investor\\_relations@bharatseats.net](mailto:investor_relations@bharatseats.net) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM, you may contact Mr. Abhinav Kumar Agrawal or Mr. Vijay Pratap (011-42541234) or write an email to [abhinavka@alankit.com](mailto:abhinavka@alankit.com) or [vijayps1@alankit.com](mailto:vijayps1@alankit.com) and for e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

By Order of the Board  
For Bharat Seats Limited

Ritu Bakshi  
Company Secretary  
FCS No. 3401

Registered Office:  
1, Nelson Mandela Road,  
Vasant Kunj, New Delhi 110070

Place : Gurugram  
Date : June 12, 2020

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF COMPANIES ACT, 2013****ITEM NO. 4**

The re-appointment of Mr. Rohit Relan as Managing Director w.e.f.1.10.2016 and remuneration thereof was approved by shareholders at their 29<sup>th</sup> Annual General Meeting held on 20th July, 2016, on the lines as approved by board in its meeting held on 15th April, 2016.

The remuneration approved by shareholders was valid for 5 years, provided Company should have 'adequate profits' in terms of the provisions of Schedule V of the Companies Act, 2013. And in case of 'inadequacy of profits', the remuneration payable, as approved by shareholders, was valid only for 3 years from the date of appointment. During the current financial year, there is overall slowdown in the automobile industry. Due to this slowdown, there is 'inadequacy of profits' in BSL in terms of Schedule V of the Companies Act, 2013 and remuneration of Managing Director was valid upto 30.09.2019. Therefore, the proposal for remuneration paid/payable to Mr. Rohit Relan, Chairman and Managing Director for his remaining tenure, i.e. from 01.10.2019 to 30.09.2021, as recommended by the Nomination and Remuneration Committee and approved by the Board in their meeting held on 27<sup>th</sup> January, 2020 on the same lines as he was receiving earlier, is being placed before the shareholders for approval by means of a Special Resolution.

Mr. Rohit Relan is interested in the resolution to the extent of remuneration payable to him and Mr. Ajay Relan and Mrs. Sharda Relan, Directors are interested in the resolution, being relatives of Mr. Rohit Relan.

The Board recommends the resolution set forth for the approval of members.

General information:

(1) Nature of industry

The Company is engaged in manufacture of Seating System, moulded carpets and extruded components for Car market leader, Maruti Suzuki India Limited as well as seats and frames for Suzuki Motor Cycle India Pvt. Ltd. two wheelers, at their plants at Gurgaon in Haryana.

(2) Date or expected date of commencement of commercial production

The Company is already in production for more than thirty years.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not applicable, as the Company is an existing one.

(4) Financial performance based on given indicators

The Financial performance of the Company in relation to various indicators during the years 2018-2019 and 2019-2020 is given hereunder:

	<b>(Rs. in lakhs)</b>	
	<b>2019-20</b>	<b>2018-19</b>
Revenue from operations (Gross)	58,857.47	90,356.85
Net Profit after tax	1,251.89	2,142.05
Dividend	25%	50%

(5) Foreign investments or collaborations, if any.

Financial Collaboration with M/s Suzuki Motor Corporation, Japan, who holds 14.81% of the total equity of the Company. Technical Collaboration with M/s Toyo Seat Co. Ltd., Japan, HTT (Hayashi Telempu) and M/s Inoac Corporation, Japan.

II. Information about Mr Rohit Relan, Chairman and Managing Director:

(1) Background details

Mr. Rohit Relan, Chairman and Managing Director, aged 64 years, is a Chartered Accountant and has done Owner/ President Management programme from Harvard Business School. He is promoter entrepreneur of Bharat Seats Limited.



(2) Past remuneration

The total remuneration paid to Mr. Rohit Relan from 1st April, 2019 to 31st March, 2020 is Rs.176.16 lakhs.

(3) Recognition or awards

An able and successful entrepreneur under whose leadership the Company could achieve and maintain impeccable operational standards. He is a fellow member of the Institute of Chartered Accountants of India. He has done Owner/ President Management programme from Harvard Business School. He has been conferred with 'the Order of the Rising Sun, Gold Rays with Rosette', (Title of Decoration) by the Government of Japan on 29th April, 2020, for his contribution towards promoting economic exchanges between Japan and India.

Along with the announcement of the 'decoration', the Embassy of Japan in India congratulated Mr. Rohit Relan on the decision of the Government of Japan on him receiving this Imperial honour for his long years of service for consolidating the Japan-India relationship.

(4) Job profile and his suitability

The job profile of the Chairman and Managing Director of the Company includes overall supervision and control of the Company's activities and in particular, to attend to all matters concerning production, planning, manufacture, finance, administration and such other duties and services as entrusted by the Board of Directors. Mr. Rohit Relan is performing the same since 6.3.1986

(5) Remuneration proposed

Salary:

A. BASIC SALARY : Rs. 11,50,000/- per month with the provision of annual increment of Rs. 100,000/- per month in the scale of Rs.11,50,000 – Rs. 100,000- Rs. 12,50,000 per month.

B ALLOWANCES & PERQUISITES: Rs. 2,50,000/- per month with the provision of annual increment of Rs. 50,000/- per month in the scale of Rs.2,50,000 – Rs.50,000- Rs.3,00,000 per month.

C. In addition to the above, CMD shall also be entitled to the following perquisites:

Company's contribution to Provident Fund as per the rules of the Company.

D. Other terms and conditions: In the event of absence or inadequacy of profits in any financial year, Mr. Rohit Relan, CMD, shall be paid minimum remuneration as mentioned herein above without any variation.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

Taking into account the turnover of the Company and responsibilities of Mr. Rohit Relan, the remuneration being paid to the Chairman and Managing Director is reasonable and in line with the remuneration levels in the industry across the country and befits his position.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Except for the remuneration as Chairman and Managing Director and his shareholding, Mr. Rohit Relan has no other pecuniary relationship with the Company. Mr. Rohit Relan is related to Mrs. Sharda Relan, Director of the Company, who is his mother and Mr. Ajay Relan, Director, who is his brother.

III. Other information:

(1) Reasons of loss or inadequate profits

During the year: 2018-2019 and 2019-2020, the profitability of the Company is affected mainly on account of discontinuance of certain models and negligible growth in auto sector which led to decline in profitability. Also the profitability is being affected due to inflationary rise in expenses, strengthening of Research and Development and expenses incurred on Business development, benefits of which shall accrue in the next 2 to 3 years. BSL has already received fresh projects, the benefits of which will come in future years.

(2) Steps taken or proposed to be taken for improvement

The Company has taken the following steps to improve the profitability:

- a. Cost reduction and productivity improvement.
- b. Upgradation of Seat testing System of International Standard.

(3) Expected increase in productivity and profits in measurable terms

With the above measures, the operating efficiencies and profits of the Company are expected to increase.

IV. Disclosures

The following disclosures are/ shall be mentioned in the Board of Directors' Report under the heading 'Corporate Governance', attached to the financial statement:-

- (i) All elements of remuneration package such as salary, benefits and perquisites etc. of all the directors;
- (ii) Details of fixed component and performance linked incentives alongwith the performance criteria;
- (iii) Service contracts, notice period, severance fees;
- (iv) Stock option details, if any, and whether the same has been issued at a discount.

**ITEM NO. 5**

In accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Related Party Transactions require prior approval of the Audit Committee and all material Related Party Transactions require approval of the shareholders through Ordinary Resolution. A transaction with a related party shall be considered material if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. Section 188 of the Companies Act, 2013 deals with Related party Transactions and Sub section (1) of Section 188 of the Companies Act, 2013 provides that nothing in this sub section shall apply to any transactions entered into by the Company with Related party, which are in its ordinary course of business, other than transactions which are not on arm's length basis. In Bharat Seats Ltd., all the related party transactions are in the ordinary course of business and at arm's length basis. Therefore, the approval under section 188 of the Companies Act is not required. Keeping in view the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and intent of the Companies Act, 2013, the Audit Committee and the Board of Directors of the Company have approved in their respective meetings held on 12<sup>th</sup> June, 2020 and recommended for seeking the approval of the shareholders for the financial year 2020-21 and onwards for the following transaction(s):

<b>1</b>	<b>Name of the Party</b>	<b>NDR Auto Components Limited, an Associate Company</b>	<b>NDR Auto Components Limited, an Associate Company</b>
<b>2</b>	<b>Nature of Transaction</b>	Sale, Purchase, transfer or receipt of products, Goods, materials, assets or services	Purchase, sale of Tools or any asset
<b>3</b>	<b>Period of transaction</b>	Transactions are repetitive in nature	Transactions are repetitive in nature
<b>4</b>	<b>Maximum Amount of Transaction per annum</b>	Rs.250 crores	Rs.50 crores
<b>5</b>	<b>Indicative Base Price/ Current Contracted Price/ Formula for variation in price, if any</b>	-Not Applicable -	-Not Applicable -
<b>6</b>	<b>Other Terms &amp; Conditions</b>	- As per pricing of various models -	As per pricing of various models -





<b>1</b>	<b>Name of the Party</b>	<b>Toyo Sharda India Pvt. Ltd., an Associate Company</b>	<b>Toyo Sharda India Pvt. Ltd., an Associate Company</b>	<b>Toyo Sharda India Pvt. Ltd., an Associate Company</b>
<b>2</b>	<b>Nature of Transaction</b>	Sale, purchase or supply of Goods, materials, Sale of Tooling/ Job Charges, including reimbursement of expenses	Lease Rent to be received	Marketing Fees to be received
<b>3</b>	<b>Period of transaction</b>	Transactions are repetitive in nature	Transactions are repetitive in nature	Transactions are repetitive in nature
<b>4</b>	<b>Maximum Amount of Transaction per annum</b>	Rs. 100 crores	Rs.75 lakhs	Rs.1 crore
<b>5</b>	<b>Indicative Base Price / Current Contracted Price / Formula for variation in price, if any</b>	As per pricing of various models -		
<b>6</b>	<b>Other Terms &amp; Conditions</b>	Not Applicable	Not Applicable	Not Applicable

The Board recommends the resolution set forth in item no. 5 for approval of the members.

Pursuant to Regulation 23(4) of the LODR regulations, no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not, and pursuant to Regulation 23(7) of the SEBI (LODR) Regulations, all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

#### **Item No.6**

The Company is presently engaged in the business of seating systems & automotive components.

The Company intends to undertake the manufacture of safety personal protective equipment (PPE)/ Fabric body coverall for medical/ other purposes, which may be conveniently and advantageously combined with existing business due to availability of infrastructure required for the purpose.

In order to enable the Company to undertake business as above, it is proposed to amend the Main Objects Clause of the Memorandum of Association of the Company. By virtue of Section 13 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014; approval of members by way of special resolution is a prerequisite to amend the objects clause of the Company and thus your approval is sought for the same.

A copy of the proposed new set of Memorandum of Association is available for inspection by the members at the registered office of the Company during normal business hours on all working days and is also available on the website of the Company at <https://www.bharatseats.com/investors/moa.aspx>.

None of the Directors, Key Managerial Person of the Company or their relatives is deemed to be concerned or interested in the aforesaid Resolution.

Board of Directors of the Company have approved in its meeting held on 12<sup>th</sup> June, 2020 and recommends the resolution set forth in item no. 6 for approval of the members.

By Order of the Board  
For Bharat Seats Limited

Ritu Bakshi  
Company Secretary  
FCS No. 3401

Place : Gurugram  
Date : June 12, 2020

**DETAILS OF DIRECTOR SEEKING REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING IN PURSUANCE TO CLAUSE 36(3) OF CHAPTER IV- RELATING TO DOCUMENTS & INFORMATION TO SHAREHOLDERS OF THE SEBI(LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS)REGULATIONS, 2015 AND CIRCULAR DATED 20TH JUNE, 2018 ISSUED BY BSE LIMITED**

<b>NAME OF THE DIRECTOR</b>	<b>Mr. C.V. Raman</b>
<b>DIRECTOR IDENTIFICATION NUMBER</b>	07093663
<b>AGE</b>	59 years
<b>DATE OF JOINING THE BOARD</b>	18.07.2015
<b>QUALIFICATION</b>	A graduate from Delhi College of Engineering with BE in Mechanical Engineering
<b>EXPERIENCE INCLUDING EXPERTISE IN SPECIFIC FUNCTIONAL AREA</b>	He has 37 years of experience and presently heads the Maruti Suzuki Engineering and R&D function. He has Expertise in Product Development, Vehicle Testing and Homologation Cost Management
<b>TERMS &amp; CONDITIONS OF APPOINTMENT/ RE-APPOINTMENT</b>	As per the resolution at item no. 3 of the Notice convening Annual General meeting on 21-09-2020.
<b>REMUNERATION LAST DRAWN, INCLUDING SITTING FEES IF ANY</b>	Rs. 2,00,000/- (Sitting Fees only)
<b>REMUNERATION PROPOSED TO BE PAID</b>	As per existing terms and conditions
<b>RELATIONSHIP WITH OTHER DIRECTORS/ KMP</b>	None
<b>NUMBER OF MEETINGS OF THE BOARD ATTENDED DURING THE YEAR</b>	5
<b>CHAIRMANSHIPS/ DIRECTORSHIPS HELD IN OTHER COMPANIES AS ON 31.03.2020</b>	a. Krishna Maruti Limited b. Machino Polymers Limited
<b>CHAIRMANSHIPS/ MEMBERSHIPS OF COMMITTEES OF OTHER COMPANIES AS ON 31.03.2020</b>	None
<b>NO. OF SHARES HELD IN THE COMPANY</b>	None
<b>CONFIRMATION PURSUANT TO BSE CIRCULAR DATED 20.06.2018</b>	Mr. C.V. Raman has confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority

By Order of the Board  
For Bharat Seats Limited

Ritu Bakshi  
Company Secretary  
FCS No. 3401

Place : Gurugram  
Date : June 12, 2020

**COMMUNICATION ON TAX DEDUCTION AT SOURCE (TDS) ON DIVIDEND DISTRIBUTION**

Pursuant to the amendments introduced by the Finance Act, 2020 the Company will be required to withhold taxes at the prescribed rates on the dividend paid to its shareholders w.e.f. 1st April 2020. No tax will be deducted on payment of dividend to the resident individual shareholders if the total dividend paid does not exceed Rs. 5,000/-. The withholding tax rate would vary depending on the residential status of the shareholder and documents registered with the Company.

**RESIDENT SHAREHOLDERS:**
**A.1 Tax Deductible at Source for Resident Shareholders**

S. No.	Particulars	Withholding tax rate	Documents required (if any)
1	Valid PAN updated in the Company's Register of Members	7.5%	No document required (if no exemption is sought)
2	No PAN/Valid PAN not updated in the Company's Register of Members	20%	No document required (if no exemption is sought)
3	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority

**A.2 No Tax Deductible at Source on dividend payment to resident shareholders if the Shareholders submit and register following documents as mentioned in column no.4 of the below table with the Company / Alankit Assignments Limited**

S. No.	Particulars	Withholding tax rate	Documents required (if any)
1	Submission of form 15G/15H	nil	Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling certain conditions.
2	Shareholders to whom section 194 of the Income Tax, 1961 does not apply such as LIC, GIC, etc	nil	Documentary evidence that the said provisions are not applicable.
3	Shareholder covered u/s 196 of Income Tax Act, 1961 such as Government, RBI, corporations established by Central Act & mutual funds.	nil	Documentary evidence for coverage u/s 196 of Income Tax Act, 1961
4	Category I and II Alternative Investment Fund NIL SEBI registration certificate to claim benefit under section 197A (1F) of Income Tax Act, 1961	nil	SEBI registration certificate to claim benefit under section 197A(1F) of Income Tax Act, 1961
5	Recognised provident funds • Approved superannuation fund • Approved gratuity fund	nil	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT)
6	National Pension Scheme	nil	No TDS as per section 197A (1E) of Income Tax Act, 1961

**B. NON-RESIDENT SHAREHOLDERS:**

Withholding tax on dividend payment to non-resident shareholders if the non-resident shareholders submit and register following document as mentioned in column no.4 of the below table with the Company / Alankit Assignments Limited.

S. No.	Particulars	Withholding tax rate	Docuzments required (if any)
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20%(plus applicable surcharge and cess)	FPI registration number / certificate.
2	Other Non-resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	To avail beneficial rate of tax treaty following tax documents would be required: 1. Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received 2. PAN 3. Form 10F filled & duly signed 4. Self-declaration for non-existence of permanent establishment/ fixed base in India (Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the Company)
3	Indian Branch of a Foreign Bank	Nil	Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank
4	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in certificate	Lower tax deduction certificate obtained from Income Tax Authority

- (i) Shareholders will be able to download the TDS certificate from the Income Tax Department's website <https://incometaxindiaefiling.gov.in> (refer to Form 26AS).
- (ii) The aforesaid documents such as Form 15G/ 15H, documents under section 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be emailed at [rta@alankit.com](mailto:rta@alankit.com) or [vijays1@alankit.com](mailto:vijays1@alankit.com) on or before September 10, 2020 to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/deduction received post September 10, 2020 shall not be considered.
- (iii) Application of TDS rate is subject to necessary verification by the Company of the shareholder details as available in Register of Members as on the Record Date, and other documents available with the Company / Alankit Assignments Limited.
- (iv) In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information 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.
- (v) In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information 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
- (vi) This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.

**BOARD'S REPORT**

Dear Shareholders

Your Directors have pleasure in presenting the 33<sup>rd</sup> Annual Report together with the Audited Accounts for the year ended 31st March, 2020.

**Financial Results**

Rupees In Lakhs

Particulars	2019-2020	2018-2019
Revenue from Operations	58,857.47	90,356.85
Other Income	208.41	527.54
Profit before Financial Charges & Depreciation	3,790.14	5,485.74
Less: Finance Costs	322.41	302.10
Profit before Depreciation & Taxation	3,467.73	5,183.64
Less:		
A) Depreciation	2,245.73	2,061.25
B) Provision for Taxation		
- Current Tax	474.43	831.76
- Deferred Tax	(515.61)	142.94
- Adjustment of Tax Relating to earlier years	11.29	5.64
Net Profit after Tax	1,251.89	2,142.05
Add: Other Comprehensive Income, Net of Taxes	1.41	16.33
Total Comprehensive Income for the year	1,253.30	2,158.38
Transfer to General Reserve	-	-
Balance Carried Forward to Balance Sheet	1,253.30	2,158.38

**FINANCIAL HIGHLIGHTS AND OPERATIONS**

The revenue from operations and other income for the financial year under review was Rs. 59,065.88 lakhs as against Rs.90,884.39 lakhs for the previous financial year, showing a decrease of 35%. The profit before finance costs, depreciation and taxation is Rs. 3,790.14 lakhs for the financial year under review as against Rs. 5,485.74 lakhs for the previous financial year, a decrease by 31%. The profit after tax decreased to Rs. 1,251.89 lakhs, as compared to Rs. 2,142.05 lakhs for the previous financial year, i.e. by 42%. Total comprehensive income for the year decreased to Rs.1,253.30 lakhs as compared to Rs. 2,158.38 lakhs for the previous financial year, a decrease by 42%. This is due to decrease in sales of Car Seats to Maruti Suzuki India Limited mainly on account of discontinuance/ shifting of certain models and also lesser sales of some existing models.

**Gujarat Project**

Maruti Suzuki India Limited (MSIL) has shifted the manufacture of a certain model to Suzuki Motor Gujarat Private Limited (SMG) in Gujarat. In line with this shifting plan, your Company has also taken the necessary measures to shift the manufacturing of certain model of seat and carpet, currently being manufactured at our Manesar and Gurgaon plants to Gujarat.

The production at SMG Gujarat is expected to start in January, 2021. The setting up of this facility will lead to enhancement in the Company's production capacity in line with customer's requirements.

**Total Productive Maintenance (TPM) Activity**

Your Company first started the TPM activity in the year of 1999 at Gurugram plant and was awarded the "Excellence Award" in 2006 by JIPM (Japan Institute of Plant Maintenance).

The Gurugram plant in 2017 started working on the next level of the award "Consistency in Excellence," with top Management commitment. The other two plants at Manesar & BhoraKalan plant are going for Excellence Award in 2021.

The focus remains on Quality, improving capacity utilization, optimizing performance, increase productivity, enhance efficiency, and this is done with the involvement of all employees. Rigorous training, both in classroom and on the shop floor are done. Working smarter, faster, with flexibility and more economically are some of the gains.

**TRANSFER TO GENERAL RESERVE**

During the F.Y2019-20, the Company has not transferred any amount to General Reserve.



## DIVIDEND

Your Directors are pleased to recommend for the approval of the shareholders at the 33<sup>rd</sup> Annual General Meeting, a dividend of 25% (Re 0.50/- per equity share) for the financial year ended 31.03.2020.

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

- a. The members of the Company are informed that the dividends that remain unpaid/unclaimed for a period of 7 (seven) years from the date of transfer to the Unpaid / Unclaimed dividend account are required to be transferred to the account of the Investor Education & Protection Fund (IEPF) Authority established by the Central Government.

Accordingly, during the financial year under review, the Company has transferred Unclaimed dividend amounting to Rs.246,038/- lying with the Company for a period of seven years pertaining to the financial year ended on 31<sup>st</sup> March 2012.

- b. The members of the Company are also informed that as per the provisions introduced in the year 2016, underlying equity shares on which dividend remain Unpaid/Unclaimed for a period of 7 (seven) consecutive years are required to be transferred to the Investor Education & Protection Fund (IEPF) Authority established by the Central Government.

Accordingly, during the financial year under review, the Company has transferred the following shares to IEPF Authority:

11,501 equity shares in respect of which dividend have not been claimed by the members for seven consecutive years pertaining to the financial year ended on 31<sup>st</sup> March, 2012, upto financial year 2018.

## SHARE CAPITAL

There is no change in the capital structure of the Company.

## CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business during the financial year 2019-2020 under review.

## CHANGE IN PROMOTERS

As you are aware, there was a family settlement mainly between Mr. Rohit Relan and Mr. Ajay Relan, the brief about which has already been given on the website of the company and was also disseminated on the BSE as per requirements of Regulation 30 of SEBI (LODR) Regulations. As a part of this settlement, Sharda Motor Industries Limited (Company belonging to Mr. Ajay Relan) has transferred their entire holding of 90,00,000 equity shares to NDR Auto Components Limited w.e.f. 11th April, 2020. The said transfer falls under the exempted category as per provisions of SEBI (SAST) Regulations. As NDR Auto Components Limited also falls in the category of promoter group, therefore, there is no change in the overall promoter holding of the company, Members are requested to go through Note No 37(k) given in the Financial Statements for the Financial year 2019-20 for more details.

## AWARDS AND RECOGNITION

We are pleased to inform that, during the year, your company has been awarded:

- A Certificate of Appreciation in recognition of the superior performance in the field of Comprehensive Excellence at vendor conference of Maruti Suzuki India Limited held in May, 2019.
- Performance award for spare delivery by Suzuki Motorcycle India Pvt. Ltd. in April 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion And Analysis as stipulated under Regulation 34 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 is presented in a separate section, forming part of the Annual Report.

## CREDIT RATING

ICRA has assigned its Short Term credit rating of A2+ and Long term Credit rating of A-, indicating the outlook on the long term rating as 'Stable'.

## RELATED PARTY TRANSACTIONS

All contracts/ transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis.

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at the web link: <http://www.bharatseats.com/wp-content/uploads/2020/05/Policy-on-Related-Party-Transactions-2020.pdf>.

The information relating to particulars of contracts or arrangements with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 in Form AOC-2 is annexed as Annexure I, forming part of this Report.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of Companies(Accounts) Rules, 2014 is annexed hereto as Annexure II, forming part of this Report.

## BOARD ANNUAL EVALUATION

In compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and guidance note dt. 5<sup>th</sup> January, 2017 issued by SEBI, performance evaluation was carried out of the Board, its Committees and individual Directors, including the Chairman of the Board.

Nomination & Remuneration Committee reviewed the evaluation criteria for the Board, its Committees, Executive and non-executive Directors and Chairman of the Company, considering qualification, expertise, attributes and various parameters based on which evaluation of the Board has to be carried out by the Company.

A meeting of the independent directors was held, which reviewed the performance of the Board (as a whole), Committees of the Board, the non-independent directors and the Chairman.

The evaluation of Independent Directors was carried out by the Board.

This exercise was carried out through structured evaluation process covering various aspects of the Board such as composition of the Board/ Committees, experience, competencies, performance of specific duties etc. Separate exercise was carried out to evaluate the performance of individual directors, including Board Chairman who were evaluated on the parameters such as attendance, contribution at the meeting, independent judgment etc. and was found to be satisfactory.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Approval of shareholders (vide postal ballot, which concluded on March 27, 2019) was obtained for reappointment of Mr. Girish Narain Mehra, Mr. Prateep Kumar Lahiri and Mr. Ravindra Gupta as independent directors w.e.f. April 1, 2019 and further, Ms. Shyamla Khara and Mr. Arvind Varma were also reappointed as independent directors w.e.f. July 21, 2019 and October 21, 2019 respectively.

In accordance with the Articles of Association of the Company and relevant provisions of the Companies Act, 2013, Mr. C. V. Raman (DIN: 07093663) is liable to retire by rotation at the ensuing Annual General Meeting.

The Board recommends his re-appointment.

The Company has received declaration from all the Independent Directors confirming that they meet the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 read with the schedules and rules made there under along with declaration for compliance with clause 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **KEY MANAGERIAL PERSONNEL (KMP)**

Mr. Rohit Relan, Chairman and Managing Director, Mr. Sanjeev Kumar, CFO and Ms. Ritu Bakshi, Company Secretary continue to be the KMPs of the Company in terms of Section 203 of the Companies Act, 2013 read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014. There has been no new appointment of KMP.

#### **CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements as set out by the Regulators/ applicable laws.

The report on Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 been included in this Annual Report as a separate section, along with the certificate of Mr. R S Bhatia, Practising Company Secretary.

#### **DETAILS OF DEPOSIT AS PROVIDED UNDER CHAPTER V OF THE COMPANIES ACT, 2013**

Your Company has not accepted any deposits under Chapter V of the Companies Act, 2013 but there was an outstanding loan of Rs. 2260 Lakhs as on 31.03.2020 from Mr. Rohit Relan, Chairman and Managing Director of the Company which is exempted as deposit under Rule 2(c)(viii) of Companies(Acceptance of Deposit) Rules, 2014.

#### **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE**

There are no significant and material orders passed by the Regulators, Courts or Tribunals which would impact the going concern status of the Company and its operations in future.

#### **DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Directors had laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company 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. The Audit Committee evaluates the internal financial control system periodically.

#### **LISTING**

The Equity shares of the Company are listed at Bombay Stock Exchange. The Company has paid listing fees due to the Stock Exchange.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company believes in giving back to society and we have taken steps for that. Alongside our business priorities, the Company is committed to society as well and this is apparent through our CSR activities.

Your Company believes that change is essential for growth, development and progress, and this comes through a change in our way of thinking.

Bharat Seats believes empowering Women is essential for social change and this empowerment comes through education. For the girl child we took the call of "Beti Bachao , Beti Padhao" and contribute to "Prerna" a school in Lucknow for girls from the under privileged and marginalized section of society. The school provides education and makes them culturally ready to mix and mingle with all strata of society.

Your company is also supporting a centre of skill development where our boys and girls are given training in different areas to make them employable.

We are also supporting the cause of skill development

through Rotary Southend Charitable Trust. We are also supporting the cause of COVID 19 through Rotary Southend Charitable Trust.

The stress and strain of life affects many humans. No matter what age or strata of society, we have cases of mentally distressed, depressed persons who require counselling from experts. We are supporting this cause through an organization "Sanjeevani". Set up in 1976, Sanjeevani is a non-profit organization addressing the mental and emotional needs of society through free and confidential counselling. Sanjeevani has helped many persons over the age of 16 years.

The CSR Policy is uploaded on the Company's website at the web link: [http://www.bharatseats.com/wp-content/uploads/2020/05/CSR-policy\\_2020.pdf](http://www.bharatseats.com/wp-content/uploads/2020/05/CSR-policy_2020.pdf)

The annual report on CSR activities, composition of the CSR committee and other prescribed details are annexed as Annexure III. There is no amount which is lying unspent in respect of the financial year under review.

### EXTRACT OF ANNUAL RETURN

Details forming part of the extract of Annual return as on 31st March, 2020 in Form MGT-9 pursuant to sub section (3) of Section 92 of Companies Act, 2013 read with Rule 12 of Companies (Management And Administration) Rules, 2014, is annexed hereto as Annexure IV. As per provisions of Section 134(3)(a) of the Companies Act, 2013 the Annual return for financial year 2018-19 is placed on website of the company i.e. <http://www.bharatseats.com/wp-content/uploads/2020/05/annual-return-2018-19.pdf>.

### MEETINGS OF THE BOARD

Five meetings of the Board of Directors were held during the financial year. For further details, please refer the Report on Corporate Governance given separately in the Annual Report.

### AUDIT COMMITTEE

The Audit Committee comprises of four Independent Non-executive Directors, namely Mr. G.N. Mehra, Chairman, Mr. P.K. Lahiri, Mr. Ravindra Gupta and Ms. Shyamla Khera.

Powers and Role of the Audit Committee are included in the Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same.
- Appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2020 and of the Profit of the Company for the year ending 31st March, 2020;

- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.
- Internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively.
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### PARTICULARS OF EMPLOYEES

Disclosure as required under Sub Rule 2 of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed hereto as Annexure V.

The ratio of the remuneration of each Director to the median employees' remuneration and other details in terms of Sub Section 12 of Section 197 of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as part of the report as Annexure VI.

### COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS AS PROVIDED UNDER SUB SECTION(3) OF SECTION OF THE COMPANIES ACT, 2013

The Company has formulated a Nomination and Remuneration Policy which is available on the website of the company. The link of the same is [http://www.bharatseats.com/wp-content/uploads/2020/05/NRCPolicy\\_2020.pdf](http://www.bharatseats.com/wp-content/uploads/2020/05/NRCPolicy_2020.pdf). Other details are provided in Corporate Governance Report.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

There was no transaction falling under the provision of Section 186 during the financial year under review.

### COVID-19 SITUATION

In March 2020, the World Health Organisation declared COVID 19 to be a pandemic. The Company's manufacturing operations at all its plants in Gurgaon, Manesar and Borakalan were disrupted w.e.f. 23<sup>rd</sup> March, 2020, in compliance with Government orders on account of the COVID -19 pandemic.

During this period, Covid-19 outbreak brought production as well as dispatch of our major vendor, Maruti Suzuki India Limited to a standstill, resulting in decline in sales of your Company.

The Company partially resumed manufacturing operations at all its plants from 13<sup>th</sup> May, 2020.

The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The company carried out modifications on its processes to ensure social distancing. Prior to opening all plants were sanitized. Similarly office areas, canteen were modified to ensure social distancing. Material handling processes were modified to ensure that incoming and out going Material, Work in progress and Finished goods are sanitized making them free from any contamination. All employees, visitors entering the plant go through a check as prescribed under the MHA guidelines and maximum measures have been taken to minimize touch points.

The Company will continue to closely monitor the situation.

### **RISK MANAGEMENT**

The Company has in place the Risk Management Policy to identify and assess the key risk areas and monitor the same.

The Board periodically reviews the risks and suggests steps to be taken to control the risks.

### **VIGIL MECHANISM**

The Company has in place an established Whistle Blower Policy. The Audit Committee and the Board periodically reviews the policy and its implementation. The purpose of this policy is to provide a framework to promote responsible whistle blowing by employees.

The Whistle Blower Policy may be accessed at the Company's website at web link: <http://www.bharatseats.com/wp-content/uploads/2020/05/Whistle-Blower-Policy-2020.pdf>

### **HUMAN RESOURCES**

Our relations with the employees are very cordial. Your Directors would like to place on record their appreciation of the commitment and efficient services rendered by all employees of the Company, without whose wholehearted efforts, the overall satisfactory performance of the Company would not have been possible.

### **AUDITORS AND AUDITORS' REPORT**

#### **(a) Statutory Auditors**

M/s S.R. Batliboi & Co. LLP, Chartered Accountants, LLP, (ICAI Firm Registration No. 301003E/E300005) was appointed as Statutory Auditor at AGM held on September 21, 2017 will hold office till the conclusion of Annual General Meeting to be held in 2022.

The Auditors' Report given by M/s S.R. Batliboi & Co. LLP, Statutory Auditors on the financial statements of the Company for the year ended March 31, 2020 is part of the Annual Report. The Auditors' Report does not contain any qualification, reservation or adverse remark. During the year under review, the Auditors had not reported any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

#### **(b) Secretarial Auditor**

In accordance with the provisions of the Section 204 read with the Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit was carried out by Mr. R. S. Bhatia, Practising Company Secretary for the Financial year: 2019-20. The report of Secretarial Auditor for the financial year 2019-20 is annexed herewith marked as Annexure VII to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Pursuant Regulation 24(A) of SEBI (LODR) Regulations, 2015, the Company has obtained annual secretarial compliance report from Mr. R S Bhatia (C P No. 2514), Company Secretary in Practice and the same has been submitted to stock exchange within the prescribed time limits. The annual secretarial compliance report does not contain any adverse remarks and qualifications.

#### **(c) Cost Audit**

The company is not required to maintain cost records as specified by the Central Government under Section 148(1) of the Act.

### **SAFETY**

Safety first is our motto. While the Act makes it mandatory for us to adopt benchmark practices, our values drive us towards this objective. We also believe it's an oath to ourselves.

With the regular guidance from the Safety Team of Maruti Suzuki India Limited, Bharat Seats Ltd is now among the leading companies which have made safety its culture.

Well trained staff, focus on best practices & aided with installation of state of the art Aerosol fire Detection & Suppression system across locations have worked at force multipliers in our Journey.

Besides this the environmentally friendly practices, fire extinguishers, thermography test, adherence to NBC 2016, NOC from fire office & regular third party inspections speaks of the commitment.

The review mechanism monitoring & mock drills happen periodically & monitored at APEX level. Last but not the least SHE (Safety, Health & Environment) training is regularly imparted to all the employees.

### **EFFECTIVE MANAGEMENT SYSTEMS**

The company is system certified for IATF (International Automotive Task Force) 16949 for quality, ISO 14001 for environment and OHSAS for occupational health and safety. BSL is also accredited with ISO/IEC 17025:2005 "General Requirements for the competence of Testing & Calibration Laboratories"

Your Company's focus on preventive maintenance and effective mitigation of all the likely risks involved, has led to safe and healthy working environment for all employees thus helping them to perform at their optimum level of competence.



## ENVIRONMENT

The Company is committed to the protection of environment and is not involved in any type of activity hazardous to environment. During 2019-20, our Manesar, Gurgaon and Borakalan Plants has been certified as Green Plant in Comprehensive Excellence Activities of Maruti Suzuki India Limited.

The Company strictly adheres to the provisions of environmental laws. There is no trade effluent generated by the Company which may cause pollution. Our Company is an ISO14001 certified Company.

## DISCLOSURE AS REQUIRED UNDER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

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

The following is the summary of the complaints received and disposed off during the financial year: 2019-20:

- a) No. of complaints received:1
- b) No. of Complaints disposed off:1

## SHARES

### a. Buy Back of Securities

The Company has not bought back any of its securities during the year under review.

### b. Sweat Equity

The Company has not issued any Sweat Equity Shares during the year under review.

### c. Bonus Shares

No Bonus Shares were issued during the year under review.

### d. Issue of Shares with differential voting rights

The Company has not issued any shares with differential rights during the year under review.

### e. Issue of Shares under Employee Stock Option Scheme

No such issue of shares under employee stock option scheme was made.

### f. Issue of shares through private placement – Nil

### g. Issue of Shares without differential voting rights - Nil

## ACKNOWLEDGEMENTS

The Directors place on record their deep appreciation of the valuable assistance and co-operation extended to the Company by Suzuki Motor Corporation, Japan, Maruti Suzuki India Ltd., Suzuki Motor Gujarat Private Limited, Suzuki Motorcycle India Private Limited, Toyo Seat Co. Ltd., Japan, Inoac Corporation, Japan, Hayashi Telemu (Thailand) Co. Ltd., Yes Bank Ltd., HDFC Bank Ltd., various departments of Central Government and Government of Haryana. The directors convey their deep appreciation to each and every employee for her/his efficient service, commitment and collective team work.

Your support as shareholders is greatly valued.

Your Directors thank you and look forward to the future with confidence.

For and on behalf of the Board  
Bharat Seats Limited

(Rohit Relan)  
Chairman and Managing Director

Place : Gurugram  
Dated : June 12, 2020



**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

**1. Details of contracts or arrangements or transactions not at arm's length basis: -NONE-**

Sl. No.	Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
				NONE				

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

Sl. No.	Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
1.	Maruti Suzuki India Limited	Associate Company	Sale, Purchase or Supply of Goods, Materials	Transaction repetitive in nature	Upto a max. of Rs.1200 crores per annum		NIL	27.12.2014
2.	Maruti Suzuki India Limited	Associate Company	Sale of tooling, job charges	Transaction repetitive in nature	Upto a max. of Rs.50 crores per annum		NIL	27.12.2014
3.	Maruti Suzuki India Limited	Associate Company	Payment of Lease Rent	Transaction repetitive in nature	Upto a max. of Rs.50 lakhs per annum		NIL	27.12.2014
4.	Maruti Suzuki India Limited	Associate Company	Purchase of Electricity	Transaction repetitive in nature	Upto a max. of Rs.30 crores per annum		NIL	27.12.2014
5.	Sharda Motor Industries Limited	Associate Company	Purchase of Goods, materials	Transaction repetitive in nature	Upto a max. of Rs.500 crores per Annum		NIL	27.12.2014
6.	Sharda Motor Industries Limited	Associate Company	Purchase of Tooling, job charges	Transaction repetitive in nature	Upto a max. of Rs.100 crores per Annum		NIL	27.12.2014
7.	Toyo Sharda India Pvt. Ltd.	Associate Company	Sale, purchase or supply of Goods, materials, net of reimbursement	Transaction repetitive in nature	Upto a max. of Rs.64.50 crores per annum		NIL	
8.	Toyo Sharda India Pvt. Ltd.	Associate Company	Lease Rent to be received	Transaction repetitive in nature	Upto a max. of Rs.75 lakhs per Annum		NIL	
9.	Toyo Sharda India Pvt. Ltd.	Associate Company	Marketing Fees to be received	Transaction repetitive in nature	Upto a max. of Rs.100 Lakhs per Annum		NIL	

Information pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, forming part of Board of Directors' Report for the year ended 31st March, 2020.

**(A) CONSERVATION OF ENERGY****(i) the steps taken or impact on conservation of energy**

The following steps have been implemented to save electricity:

**Gurugram Plant**

Auto Timer provided in PU and assembly shop to switch off exhaust and lights.

Energy saving 18600 kwh/Year.

**Manesar Plant**

Auto timer provided in cooling and roller crusher to switch off power idle time.

Energy saving 12000 kwh/ Year.

**Bhorakalan Plant**

LED light provided in plant energy saving 7500 kwh/Year.

**(ii) the steps taken by the Company for utilising alternate sources of energy.**

419.10 kw solar plant installed .Utilization started in February, 2020.

Unit generated and consumed in February, 2020 and March 2020, 72545 kwh.

**(iii) the capital investment on energy conservation equipments - Rs 169 lakhs.****(B) TECHNOLOGY ABSORPTION****I. RESEARCH AND DEVELOPMENT(R&D)****1) Specific areas in which Research & Development work is carried out by your company is:**

- a) In developing Seating Systems for Hatch-Backs, Sedans and SUV segment vehicles.
- b) Moulded floor carpets for 4-wheelers.
- c) Extrusion components for vehicle roof and windshield installation for Maruti Suzuki India Limited.
- d) In developing the Seats and the complete frame assembly (2-Wheelers) for Suzuki Motorcycle India Private Ltd.

Major accomplishments in the year under review are as below:

**(i) New Part Development****Four wheeler seats:**

- Design Proto Types (DPT) completed for front seat. Rear seat under process for new model.
- First lot of proto seats with side air bag (SAB) completed. This enhances development capabilities of the team to get ready for mass production of seats with these enhanced safety features
- Weld frame line, trim cutting & stitching line, seat assembly line commissioned at newly built Gujarat Plant.

**Four wheeler floor carpet:**

- Development samples for new upcoming models approved by customer. This enhances our capability to understand & meet increased NVH specifications. Floor carpet manufacturing equipment is under set up at Gujarat plant. This broadens our manufacturing footprint for NVH products

**Two wheeler seats & welded frames**

- Successful start of production of frames & 2W seats for two new models of Suzuki Motorcycles.

**(ii) Value Analysis & Value Engineering**

- Successfully localized wires for Roof Molding.
- Extrusion die localization and process reset implemented.



- Special proto seat made with hand skiving. Appreciation received from customer for developing successfully in short period.
- (iii) **Continuous improvements in Product Quality & Process Control.**
  - Implemented allophone spraying by robotic process for PU foam. This improves spray quality consistency.
  - On line seat check for seat belt reminder system incorporated in recently installed seat assembly line.
- (iv) **Enhancing design capabilities**

Your Company has upgraded engineering set up with FEA (Finite Element Analysis) software's such as 'LS Dyna' and 'Hypermesh. Intention is to build in-house team capability
- (v) Development learnings are captured and retained in form of "Technical Know How". A Learning Manual is prepared. This helps to strengthen design and development for new models and serves as a reference guide for all.
- (vi) We have signed an MOU with HTT (Hayashi Telempu) to enhance our NVH business vertical.
- (vii) Your company has enhanced testing and validation competency with installation of new machines for seat testing. Proto Room is equipped with digital pneumatic air control for side air bag assembly. A special training room is set up in Trim Plant for training and understanding cutting and stitching of seat trim with Side Air Bag features. Stitching machine is installed with Poke Yoke which facilitates warning much before sewing thread is about to finish from reel.
- (viii) Program Management is integrated with engineering function that will act as SPOC (Single Point of Contact) between Customers and other CFT members. This team leads the launch activities and ensures the customer timelines are flawlessly met. Focus is on Quality during development phase of the Product that will ensure flawless product launch.

All above initiatives demonstrates urge of your company to continue thrust on product innovation.

**2) Benefits derived as a result of above R&D:** Development of people and products:

- a. Benchmarking activity – understand processes and technology trends, competitive evaluation
- b. Proto room activity – validation and verification of design concepts, new project trials, innovation projects etc.

Such initiatives will continue to enhance people development, deployment of technologies etc. along with retention of employees for long-term association with the organization.

**3) R&D Future Plans**

Going forward focus is on the following:

- (a) Adopt new technologies and features to enhance seat comfort and value addition for customers, manufacturing products at global quality standards.
- (b) Leverage expertise of technology partners and build local capabilities in key areas e.g. high tensile stampings and high tensile tooling development.
- (c) Develop vacuum foaming seat for 2-wheeler to improve aesthetics and ride comfort for end customer.
- (d) Enhance NVH product capabilities and introduce additional NVH products with TAA partner support.
- (e) Your Company plans to design and develop new extrusion products to increase our product range.
- (f) Your Company plans to establish and co-relate CAE test results with actual seat test results.

**4) R&D EXPENDITURE**

Your company is engaged in development of new products, tooling and testing fixtures as per the requirement of customers besides internal initiatives as stated which has resulted in capital & other expenditures as follows:

Capital	Rs. 6.28 lakhs
Recurring	Rs. 365.64 lakhs
Total	Rs. 371.92 lakhs

Total R&D expenditure as a percentage of total turnover 0.63 %

## II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(i) Efforts made towards Technology absorption

Bharat Seats Limited is continuously engaged in new product development / improvement for existing products with the help of in-house resources as well as through technical assistance from collaborators. For this purpose, experts from Toyo Seats, Hayashi Telempu and INOAC Corporation, Japan, had frequent visits to your company to give training and support on product and process for new generation seats, extruded products and NVH products.

Your company has developed seat assembly line with SCADA and on line seat belt reminder system with error proofing to ensure product quality. We have also introduced weld frame traceability for during the year

(ii) Your R&D team has designed Modular Berth for Indian Railways. We have registered our First Patent. The protos are made and tested. This is a unique design for quick replacement of defective pads / trims rather than replacing complete Berth. It is light - weight & saves significant time in replacing defective berths.

(iii) In case of imported technology, technology imported during the last three years reckoned from the beginning of the financial year

DETAILS OF TECHNOLOGY IMPORTED	YEAR OF IMPORT	HAS TECHNOLOGY BEEN FULLY ABSORBED
(a)	(b)	(c)
- For continuous improvement	2017-2018	Yes
- For manufacture of moulded carpets and seating system for four wheelers		Yes
- For Manufacture of Two Wheeler Seat Assemblies		Yes
- For Manufacture of extruded components for automobiles		Yes
- For continuous improvement	2018-2019	Yes
- For manufacture of seating system for four wheelers		Yes
- For Manufacture of extruded components for automobiles.		Yes
- For continuous improvement	2019-2020	Yes
- For manufacture of carpets and seating system for four wheelers		Yes
- For Manufacture of extruded components for automobiles.		Yes

## (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

In terms of actual inflows and actual outflows, Foreign exchange outflow on account of import of Capital Goods and raw materials amounted to Rs.361.27 lakhs (Rs. 1437.68 lakhs). Other expenditure in foreign currency relating to travelling, training and technical fees amounted to Rs. 302.78 lakhs (Rs. 386.37 lakhs). Remittances in foreign currency on account of dividend amounted to Rs. 46.50 lakhs (Rs. 46.50 lakhs). (Figures in bracket pertain to last year)

**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.	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 and the weblink for the same is: <a href="http://www.bharatseats.com/investors/CSRpolicy.pdf">www.bharatseats.com/investors/ CSRpolicy.pdf</a>
2.	The Composition of the CSR Committee	<ol style="list-style-type: none"> <li>1. Mr. Ravindra Gupta, Chairman</li> <li>2. Mr. G.N. Mehra</li> <li>3. Ms. Shyamla Khera</li> <li>4. Mr. Arvind Varma</li> </ol> All are Independent Directors
3.	Average net profit of the company for last three financial years	Rs. 3051.47 Lakhs
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs. 61.03 lakhs
5.	Details of CSR spent during the financial year. (a) Total amount to be spent for the financial year; (b) Amount unspent, if any; (c) Manner in which the amount spent during the financial year is detailed below:	Rs. 61.03 lakhs Nil As per Annexure

1	2	3	4	5	6	7	8
Sr. No.	CSR project or activity identified.	Sector in which the Project is covered	Projects or programs 1. Local Area or the 2. Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs. Sub-heads: 1. Direct expenditure on projects or programs 2. Overheads:	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
1	Education	Education	Delhi	Rs.35 lakhs	Rs.35 lakhs	Rs.35 lakhs	Through Implementing Agency
2.	Health Care & Sanitation	Health Care & Sanitation	Delhi	Rs.26.03 lakhs	Rs.26.03 lakhs	Rs.26.03 lakhs	Through Implementing Agency

6. Reason for not spending the amount: Not Applicable

7. The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company.

**ROHIT RELAN**  
Chairman and Managing Director

**RAVINDRA GUPTA**  
Chairman-CSR Committee

**Form No. MGT-9 EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31st 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	L34300DL1986PLC023540
ii.	Registration Date	6th March, 1986
iii.	Name of the Company	Bharat Seats Limited
iv.	Category/Sub-Category of the Company	Public Company
v.	Address of the Registered office and contact details	1, Nelson Mandela Road, Vasant Kunj, New Delhi-110070
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s Alankit Assignments Limited. 4E/2, Alankit House, Jhandewalan Extension, New Delhi-110055

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1.	Car Seats Assemblies	2930	82%
2.	Carpet Sets for Automobiles	2930	2%
3.	Motorcycle seats	2930	7%
4.	Other sales & traded goods	2930	9%

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

Sr. No.	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	Maruti Suzuki India Limited	L34103DL1981PLC011375	Joint Venture	14.81	2(6)
2.	Suzuki Motor Corporation, Japan	FOREIGN COMPANY	Joint Venture	14.81	2(6)
3.	Sharda Motor Industries Limited	L74899DL1986PLC023202	Associate	28.66	2(6)



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of TotalEquity)**
**i. Category-wise ShareHolding**

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2019)				No. of Shares held at the end of the year (as on 31.03.2020)				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/ HUF	5049324	-	5049324	16.08	5119824	-	5119824	16.31	0.23
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	13657821	-	13657821	43.50	13650000	-	13650000	43.47	-0.03
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(1):-</b>	<b>18707145</b>	<b>-</b>	<b>18707145</b>	<b>59.58</b>	<b>18769824</b>	<b>-</b>	<b>18769824</b>	<b>59.78</b>	<b>0.20</b>
<b>2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	4650000	-	4650000	14.81	4650000	-	4650000	14.81	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(2):-</b>	<b>4650000</b>	<b>-</b>	<b>4650000</b>	<b>14.81</b>	<b>4650000</b>	<b>-</b>	<b>4650000</b>	<b>14.81</b>	<b>-</b>
<b>Total shareholding of Promoters (A)=(A)(1)+A(2)</b>	<b>23357145</b>	<b>-</b>	<b>23357145</b>	<b>74.39</b>	<b>23419824</b>	<b>-</b>	<b>23419824</b>	<b>74.59</b>	<b>0.20</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	1000	-	1000	0.00	1000	-	1000	0.00	-
b) Banks / FI	34000	-	34000	0.11	34001	-	34001	0.11	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (FPIs)	16024	-	16024	0.05	-	-	-	-	(0.05)
<b>Sub-total(B)(1)</b>	<b>51024</b>	<b>-</b>	<b>51024</b>	<b>0.16</b>	<b>35001</b>	<b>-</b>	<b>35001</b>	<b>0.11</b>	<b>-0.05</b>
<b>2. Non Institutions</b>									
a) Bodies Corp.									
(i) Indian	934680	4000	938680	2.99	696571	4000	700571	2.23	-0.76
(ii) Indian (IEPF)	51659	-	51659	0.16	63160	-	63160	0.20	0.04
(iii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4976234	338101	5314335	16.92	5056175	303113	5359288	17.07	0.14
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1096185	-	1096185	3.49	1106515	-	1106515	3.52	0.03
c) Others									
- HUF	230704	-	230704	0.73	334102	-	334102	1.06	0.33
-Trust	57492	-	57492	0.18	57482	-	57482	0.18	-
-NRI	302776	-	302776	0.96	324057	-	324057	1.03	0.07
<b>Sub-total(B)(2)</b>	<b>7649730</b>	<b>342101</b>	<b>7991831</b>	<b>25.45</b>	<b>7638062</b>	<b>307113</b>	<b>7945175</b>	<b>25.30</b>	<b>-0.15</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>7700754</b>	<b>342101</b>	<b>8042855</b>	<b>25.61</b>	<b>7673063</b>	<b>307113</b>	<b>7980176</b>	<b>25.41</b>	<b>-0.20</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>31057899</b>	<b>342101</b>	<b>31400000</b>	<b>100.00</b>	<b>31092887</b>	<b>307113</b>	<b>31400000</b>	<b>100.0000</b>	<b>-</b>

**ii. Shareholding of Promoters**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2019)			Shareholding at the end of the year (as on 31.03.2020)			% 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.	Maruti Suzuki India Limited	4650000	14.81	-	4650000	14.81	-	-
2.	Suzuki Motor Corporation Japan	4650000	14.81	-	4650000	14.81	-	-
3.	Sharda Motor Industries Limited	9000000	28.66	-	9000000	28.66	-	-
4.	N.D. Relan H.U.F	51500	0.16	-	51500	0.16	-	-
5.	Sharda Relan	1251350	3.99	-	1251350	3.99	-	-
6.	Rohit Relan	317000	1.01	-	327000	1.04	-	0.03
7.	Rohit Relan H.U.F	344500	1.10	-	344500	1.10	-	-
8.	Ajay Relan	317108	1.01	-	1148608	3.66	-	2.65
9.	Ajay Relan H.U.F	302700	0.96	-	302700	0.96	-	-
10.	Ritu Relan	272500	0.86	-	282500	0.90	-	0.04
11.	Mala Relan	398500	1.27	-	398500	1.27	-	-
12.	Rishabh Relan	353000	1.12	-	368000	1.17	-	0.05
13.	Pranav Relan	412750	1.31	-	428250	1.36	-	0.05
14.	Ayush Relan	196916	0.63	-	216916	0.69	-	0.06
15.	Aashita Relan	465500	1.48	-	-	-	-	(1.48)
16.	Aashim Relan	366000	1.17	-	-	-	-	(1.17)
17.	Relan Industrial Finance Limited	7821	0.02	-	-	-	-	(0.02)
	<b>Total</b>	<b>23357145</b>	<b>74.39</b>		<b>23419824</b>	<b>74.59</b>		<b>0.20</b>

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

Sr. no		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
	At the beginning of the year	23357145	74.39	62679	0.20
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equityetc):	As per details below			
	At the End of the year			<b>23419824</b>	<b>74.59</b>

**Change in Promoter shareholding**

Sr. No.	Shareholder's name	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason for change	Cumulative Shareholding during the year	
		At the beginning (1.4.19)	% of total Shares of the company				No. of Shares	% of Total shares of the company
1.	ROHIT RELAN	317000	1.01	01.04.2019				
				20.03.2020	5000	Transfer	322000	1.03
				27.03.2020	5000	Transfer	327000	1.04
				31.03.2020			327000	1.04
2.	RISHABH RELAN	353000	1.12	01.04.2019				
				20.03.2020	5000	Transfer	358000	1.14
				27.03.2020	6961	Transfer	364961	1.16
				31.03.2020	3039	Transfer	368000	1.17
3.	AYUSH RELAN	196916	0.63	01.04.2019				
				20.03.2020	5000	Transfer	201916	0.64
				27.03.2020	10000	Transfer	211916	0.67
				31.03.2020	5000	Transfer	216916	0.69
4.	PRANAV RELAN	412750	1.31	01.04.2019				
				20.03.2020	5000	Transfer	417750	1.33
				27.03.2020	10000	Transfer	427750	1.36
				31.03.2020	500	Transfer	428250	1.36
5.	RITU RELAN	272500	0.86	1.04.2019				
				20.03.2020	9033	Transfer	281533	0.90
				27.03.2020	967	Transfer	282500	0.90
				31.03.2020	-	-	282500	0.90
6.	RELAN INDUSTRIAL FINANCE LTD.	7821	0.02	01.04.2019	-	-	-	-
				15.11.2019	(107)	Transfer	7714	0.02
				29.11.2019	(7714)	Transfer	-	-
				31.03.2020	-	-	-	-
7.	AASHITA RELAN	465500	1.48	01.04.2020				
				20.03.2020	(465500)	Transfer	-	-
				31.03.2020	-	-	-	-
8.	AASHIM RELAN	366000	1.17	01.04.2020				
				20.03.2020	(366000)	Transfer	-	-
				31.03.2020	-	-	-	-
9.	AJAY RELAN	317108	1.01	01.04.2020				
				20.03.2020	831500	Transfer	1148608	3.66
				31.03.2020				

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Shareholder's name	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason for change	Cumulative Shareholding during the year					
		At the beginning (1.4.19)	% of total Shares of the company				No. of Shares	% of Total shares of the company				
1	NILAM KUMARI KAPUR	162998	0.52	01.04.2019								
				31.03.2020			162998	0.52				
2	NILAM KUMARI KAPUR	152328	0.49	01.04.2019								
				31.03.2020			152328	0.49				
3	SUNITA SANTOSH GOENKA	154192	0.49	01.04.2019								
				19.07.2019	(2066)	Transfer	152126	0.48				
				31.03.2020			152126	0.48				
4	SUPRIYA PUNIT AGARWAL	139165	0.44	01.04.2019								
				12.07.2019	(10000)	Transfer	129165	0.41				
				19.07.2019	(2017)	Transfer	127148	0.40				
				31.03.2020			127148	0.40				
5	MANOHAR LAL BHANOT	-	-	01.04.2019								
				07.02.2020	100113	Transfer	100113	0.32				
				31.03.2020			100113	0.32				
6	M L BHANOT	98578	0.31	01.04.2019								
				31.3.2020			98578	0.31				
				7	SUSHIL FINANCIAL SERVICES PVT. LTD.	-	-	01.04.2019				
								30.09.2019	300		300	0.00
								13.03.2020	12148		12448	0.04
								20.03.2020	76002		88450	0.28
27.03.2020	(425)		88025					0.28				
31.03.2020			88025	0.28								
8	SANTOSH SITARAM GOENKA	94462	0.30	01.04.2019								
				12.07.2019	(10000)	Transfer	84462	0.27				
				31.03.2020			84462	0.27				
9	DILIP KUMAR PATNI	80000	0.25	01.04.2019								
				31.03.2020			80000	0.25				
10	FE SECURITIES PVT LTD	-	-	01.04.2019								
				27.12.2019	22709	Transfer	22709	0.07				
				31.12.2019	2291	Transfer	25000	0.08				
				03.01.2020	47692	Transfer	72692	0.23				
				10.01.2020	2308	Transfer	75000	0.24				
				31.3.2020			75000	0.24				
11	OCTAL SECURITIES AND SERVICES PVT. LTD.	176977	0.56	01.04.2019								
				01.11.2019	(61593)	Transfer	115384	0.37				
				08.11.2019	(115384)	Transfer	0	0				
				27.03.2020	26000	Transfer	26000	0.08				
				31.3.2020			26000	0.08				

12	OCTAL REALCON P.LTD.	100000	0.32	01.04.2019				
				31.05.2019	(10000)	Transfer	90000	0.29
				08.11.2019	(18080)	Transfer	71920	0.23
				31.12.2019	(1000)	Transfer	70920	0.23
				03.01.2020	(2000)	Transfer	68920	0.22
				10.01.2020	(447)	Transfer	68473	0.22
				17.01.2020	(2706)	Transfer	65767	0.21
				24.01.2020	(1000)	Transfer	64767	0.21
				27.03.2020	(64750)	Transfer	17	0.00
						17	0.00	
13	JAYESH JAYANTILAL MEHTA	74409	0.24	01.04.2019				
				31.3.2020			74409	0.24

**v. Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year : 1.4.2019		Shareholding at the end of the year : 31.3.2020	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	MRS SHARDA RELAN	1251350	3.99	1251350	3.99
2	MR. ROHIT RELAN	310500	0.99	327000	1.04
3	MR. AJAY RELAN	317108	1.01	1148608	3.66
4	MR.SANJEEV KUMAR	2000	0.01	-	-

**V. INDEBTEDNESS**

(Rs. in lakhs)

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial Year				
i) Principal Amount	1,189.88	1,660.00	-	2,849.88
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5.07	-	-	5.07
Total (i+ii+iii)	1,194.95	1,660.00	-	2,854.95
Change in Indebtedness during the financial Year				
- Addition	153.99	600.00	-	753.99
- Reduction	(221.57)	-	-	(221.57)
Net Change	(67.58)	600.00	-	532.42
Indebtedness at the end of the financial year				
i) Principal Amount	1,124.21	2,260.00	-	3,434.13
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.15	-	-	3.15
Total (i+ii+iii)	1,127.37	2,260.00	-	3,387.38

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Director and/or Manager**

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Chairman and Managing Director	Total Amount
		Mr. Rohit Relan	
	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	159.00	159.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
	Stock Option	-	-
	Sweat Equity	-	-
	Commission		
	- as % of profit	-	-
	- others, specify		
	Others, (Contribution to PF)	17.16	17.16
	<b>Total(A)</b>	<b>176.16</b>	<b>176.16</b>
	Ceiling as per the Act	within the limits as approved by the shareholders by means of a Special Resolution	

**B. Remuneration to other directors:**

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Mehra	Mr. Lahiri	Mr. Gupta	Mrs. Khera	Mr. Varma	
1	Independent Directors						
	· Fee for attending board/ committee meetings	6.40	5.60	4.80	5.60	3.20	25.60
	· Commission						
	· Others, please specify						
	<b>Total(1)</b>	<b>6.40</b>	<b>5.60</b>	<b>4.80</b>	<b>5.60</b>	<b>3.20</b>	<b>25.60</b>
		<b>Mrs. Sharda Relan</b>	<b>Mr. C. V. Raman</b>	<b>Mr. Ajay Relan</b>			
2	Other Non-Executive Directors						
	· Fee for attending board/committee meetings	0.40	2.00	0.40			2.80
	· Commission						
	· Others, please specify						
	<b>Total(2)</b>	<b>0.40</b>	<b>2.00</b>	<b>0.40</b>			<b>2.80</b>
	<b>Total(B)=(1+2)</b>	<b>6.80</b>	<b>7.60</b>	<b>5.20</b>	<b>5.60</b>	<b>3.20</b>	<b>28.40</b>
	Total Managerial Remuneration						
	Overall Ceiling as per the Act	Sitting fee, within the ceiling prescribed by the Act					



## Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(Rs. in lakhs)

Sl. no.	Particulars of remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16.58	31.46	48.04
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
	Stock Option	-	-	-
	Sweat Equity	-	-	-
	Commission - as % of profit - others, specify...	-	-	-
	Others (Contribution to PF)	1.87	1.98	3.85
	<b>Total</b>	<b>18.45</b>	<b>33.44</b>	<b>51.89</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL**

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD /NCLT/Court]	Appeal made. If any (give details)
A. Company					
Penalty					/
Punishment					
Compounding					
B. Directors					
Penalty					NIL
Punishment					
Compounding					
C. Other Officers In Default					
Penalty					/
Punishment					
Compounding					

**DISCLOSURE AS REQUIRED UNDER SUB RULE 2 OF RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**
**EMPLOYED FOR FULL FINANCIAL YEAR: 2019-2020**

Name	Designation & Nature of duties	Remuneration Gross (Rs.)	Qualifications	Date of Commencement of Employment	Total Experience	Age in Years	Last Employment	Percentage Equity
Mr. Rohit Relan	Chairman and Managing Director	Rs.176.16 Lakhs	B.Com(hons.), F.C.A., Owner/ President Management Programme from Harvard Business School	6-3-1986	41 Years	64 years	M/S S.P. Marwah & Co., Chartered Accountants	1.04%
Mr. Rishabh Relan	COO	Rs.52.98 lakhs	BSc in Industrial Engineering & Diploma-6 Sigma in lean manufacturing	16-08-2012	8 Years	29 Years	-	1.17%
Mr. T J Chacko	Sr. VP	Rs. 66.65 lakhs	B.E (Mech)	18-11-1997	48 Years	75 Years	VXL India Limited	-
Mr. Ashwani Aggarwal	Business Head- Business development	Rs. 116.61 lakhs	B.Tech(Mechanical)	01-12-2017	37 Years	61 Years	Brose India Automotive Systems Private Limited	-
Mr. Rajat Bhandari	Sr. VP	Rs.63.00 lakhs	FCA & ACS	01-10-2008	32 Years	56 Years	Federal Mogul Goetze India Ltd.	0.01%
Ms. Padma Panikkar	AVP	Rs.46.41 lakhs	Graduate	01-05-1987	42 Years	65 Years	Oberoi Hotel	0.01%
Mr. M Shariq Qureshi	VP- Operations	Rs.41.11 lakhs	PGPM Dual specialization in Operation research & international Business	22-03-2010	30 Years	53 Years	Rico Auto Industries Ltd.	-
Mr. Sanjeev Kumar	CFO	Rs.34.53 lakhs	Chartered Accountant	02-11-1987	34 Years	57 Years	J.P.Jain & Co., Chartered Accountants	-
Mr. Dinesh Kumar	DGM-Purchase	Rs. 31.21 lakhs	Diploma(ME) & PGDM (Operations and International Business)	01-12-2017	19 Years	41 Years	TS Tech Sun Pvt. Ltd.	-
Mr. Vinay Mittal	DGM - R&D	Rs.31.20 lakhs	B.E.(Mech)	02-07-2018	24 Years	46 Years	Badve Engineering Ltd.	-

**EMPLOYED FOR PART OF FINANCIAL YEAR : 2019-2020 :**

Name	Designation and Nature of Duties	Remuneration Gross (Rs.)	Qualifications	Date of Commencement of Employment	Total Experience	Age in Years	Last Employment	Percentage Equity
Mr. Sanjay Shankar Chittal	Sr. VP	Rs. 55.50 Lakhs	B.Tech (Chemical Engineering)	13-05-2019	30 years	51 years	SAR Group	-
Mr. Alok Bhattacharji	Sr. VP-HR	27.90 Lakhs	B.Sc, LLB & MBA	08-07-2019	37 Years	62 years	The Continuum	-
Mr. Sandeep Chandrakant Shah	CGM	Rs. 7.68 Lakhs	Graduate	15.01.2020	33 Years	54 Years	Varroc Polymers Pvt. Ltd.	-
Mr. Manish Kumar	G.M-R&D	Rs. 15.51 Lakhs	Diploma(Tool & Die Making) and B.Tech(ME)	30-09-2019	19 Years	40 years	TS Tech Sun Pvt. Ltd.	-

**NOTES:**

1. Remuneration includes perquisites and company's contribution to provident fund
2. The nature of employment of Mr. Rohit Relan is contractual. For the rest of employees, it is other than contractual.
3. Mr. Rohit Relan is related to Ms Sharda Relan, director and Mr. Ajay Relan, director of the company. Mr. Rishabh Relan is related to Mr. Rohit Relan, Chairman and Managing Director of the Company. Other than Mr Rohit Relan, none of the above mentioned employee is relative of any other director/ manager.

**THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEES' REMUNERATION AND OTHERS DETAIL IN TERMS OF SUB SECTION 12 OF SECTION 197 OF THE COMPANIES ACT, 2013, READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES,**

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

Sr. No.	Particulars	Ratio to the median remuneration (times)
i)	Mr. Rohit Relan, Chairman and Managing Director	36.97

2. The percentage increase/ (decrease) in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year

Sr. No.	Particulars	Percentage Increase/(Decrease)
i)	Mr. Rohit Relan, Chairman and Managing Director	12.18%
ii)	Mr. Sanjeev Kumar, Chief Financial Officer	Nil
iii)	Ms. Ritu Bakshi, Company Secretary	Nil

3. The percentage increase in the median remuneration of employees in the financial year is 12.92%
4. Total number of permanent employees on the rolls of company as on March 31, 2020 is 398.
5. 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.

Particulars	Non-Managerial	Managerial
% Average increase in salaries during 2019-20	4%	Nil

Affirmation that the Remuneration is as per the remuneration policy of the company.

**Form No. MR-3**  
**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]

To,  
The Members,  
Bharat Seats Limited,  
1, Nelson Mandela Road,  
Vasant Kunj, New Delhi

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bharat Seats Limited (CIN No. L34300DL1986PLC023540)** (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, and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to me and the representations made by the Management, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to 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 March 31, 2020 ("audit period") 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 the Company for the financial year ended on March 31, 2020 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment, and External Commercial Borrowings. Further, neither there was any transaction of Direct Investment, External Commercial Borrowings nor any transaction of Overseas Direct Investment which were required to be reported during the financial year.
- v. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) \*The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - 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 as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review;
  - g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015 (herein after referred as SEBI LODR);
  - j) Securities and Exchange Board of India (Depository and Participants) Regulations, 2015;  
\* No event took place under these regulations during the audit period.
- vi) Laws specifically applicable to the industry to which the Company belongs, as identified by the management:
  - a) Explosives Act, 1884

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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, I hereby report that in my opinion, the Company has, during the financial year ended March 31, 2020 complied with the aforesaid laws.

Based on the information received and records made available I further report that;

- i. The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the financial year under review, were carried out in compliance with the provisions of the Act and the SEBI LODR Regulations. Mr. Kishan N. Parikh ceased to be director of the Company w.e.f. close of business hours on 31st March, 2019;
- ii. Adequate notice(s) were given to all directors regarding holdings of Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance to all Directors. 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;
- iii. All the decisions at the Board Meetings and Committee meetings were carried through with requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be. The dissenting members' views, if any, were captured and recorded as part of the minutes.
- iv. As per the records, the Company filed all the forms, returns, documents and resolutions as were required to be filed with the Registrar of Companies and other authorities and all the formalities relating to the same is in compliance with the Act.
- v. There are adequate systems & processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations & guidelines.

I have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. I believe that the Audit evidence which I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Except elsewhere mentioned in this report, in my opinion and to the best of my information and according to explanations given to me, I believe that the compliance management system of the Company is adequate to ensure compliance of laws specifically applicable to the Company.

I further report that during the audit period, the no major events/ actions have taken place having a major bearing on the Company's affairs in pursuance to the above referred laws, rules, regulations, guidelines, standards etc., except that :

- 1) There was a family settlement mainly between Mr. Rohit Relan and Mr. Ajay Relan,(main promoters of the Company), the brief about which has already been given on the website of the company and was also disseminated on the BSE as per requirements of Regulation 30 of SEBI (LODR) Regulations. As a part of this settlement Sharda Motor Industries Limited (Company belonging to Mr. Ajay Relan), which was a part of promoter group, has transferred its entire holding of 90,00,000 equity shares to NDR Auto Components Limited w.e.f. 11th April, 2020. The said transfer falls under the exempted category as per provisions of SEBI (SAST) Regulations. As NDR Auto Components Limited also falls in the category of promoter group, therefore, there is no change in the overall promoter holding of the company,
- 2) The shareholders of the company at its last Annual General Meeting held on September 19, 2019 has passed following major decisions :-
  - i) Altered the Memorandum of Association pursuant to section 13 of the Companies Act,
  - ii) Adopted a new set of Articles of Association pursuant to Section 14 of the Companies Act, 2013,
  - iii) Granted approval under section 188 of the Companies Act, 2013, for doing transactions with Suzuki Motorcycle India Pvt. Ltd. And Suzuki Motor Gujarat Pvt. Ltd.

**R. S. Bhatia**  
**Practicing Company Secretary**  
**CP No: 2514**  
UDIN No.: F002599B000328815

Place : New Delhi  
Date : 9<sup>th</sup> June, 2020

**Note: This report is to be read with letter of even date by the Secretarial Auditor, which is annexed to this report and forms an integral part of this report.**

To,  
The Members,  
Bharat Seats Limited,  
1, Nelson Mandela Road,  
Vasant Kunj, New Delhi  
CIN No: L34300DL1986PLC023540

Our Secretarial Audit Report of even date is to be read along with this letter.

**Management's Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, device proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**Auditor's Responsibility**

2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

**Disclaimer**

5. The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

Place : New Delhi  
Date : 9<sup>th</sup> June, 2020

**R. S. Bhatia**  
**Practicing Company Secretary**  
**CP No: 2514**  
UDIN No.: F002599B000328815



## MANAGEMENT DISCUSSION AND ANALYSIS

The automobile industry in India is the world's fourth largest. Two wheelers and passenger vehicles dominate the domestic Indian auto market, accounted for 81% and 13% market share respectively accounting for combined sale of over 20 million vehicles in financial year 2019-2020. The industry accounts for about 7.1 per cent of the country's Gross Domestic Product (GDP). Indian Auto component Industry also plays an important role by contributing 2.3% in Indian GDP and employs as many as 1.5 million people directly and indirectly. A stable government framework, increased purchasing power, large domestic market, and an ever-increasing development in infrastructure have made India a favorable destination for investment.

The automobile industry is going through a rough patch, and has been engaged in a two pronged fight – one against the COVID19 pandemic and lockdown and the other against subdued consumer demand. Passenger vehicle sales fell to almost half in March, 2020 from a year earlier due to COVID-19 outbreak, bringing production as well as dispatches to a standstill. This impacted the auto component industry, running as low as 50% capacity utilization.

### INDUSTRY STRUCTURE AND DEVELOPMENT

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) centers as well as National Automotive Board to act as 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.

Overall, automobile export reached 4.77 million vehicles in FY20. The Indian government has also set up an ambitious target of having only EVs being sold in the country. EV sales, excluding e-rickshaws, in India witnessed a growth of 20 per cent and reached 1.56 lakh units in FY20 driven by two wheelers. The government of India expects automobile sector to attract US\$ 8-10 billion in local and foreign investment by 2023 and the Indian auto component industry aims to achieve US\$ 200 billion in revenue by 2026.

### OPPORTUNITIES AND THREATS

Despite the challenges faced due to the COVID 19, Global automakers continue to bet on India, as they foresee India as a strategic market that is expected to fuel long term growth. And they do not want to miss this opportunity.

There was overall decline in sales of Maruti Suzuki India

Limited (MSIL) during 2019-2020 by 16.1% due to overall slowdown in economy, regulatory changes in safety and emission norms and suspension of operations with effect from March 22<sup>nd</sup> 2020 due to COVID-19 pandemic.

Even though the sector has opened for manufacturing, the recovery in new vehicles sales will remain muted due to partial resumption of plants and dealership coupled with low footfalls. Auto sales has taken a major hit in the last week of March after the government announced a nationwide lockdown to deal with the corona virus spread.

BSL is a dedicated supplier to Maruti Suzuki India Limited (MSIL) and is engaged in developing complete seating systems for passenger Cars as well as Utility Vehicles, Moulded Floor Carpets, Extrusion Components for vehicle roof and windshield installation for MSIL.

BSL also develops and manufactures complete seat assembly and welded frames for two wheelers for Suzuki Motor Cycle India Pvt. Ltd.

During the year, sales of Car seats to MSIL declined by about 37% mainly on account of discontinuance of certain models and also lesser sales of some existing models. Accordingly, the profit before and after tax recorded a decline.

Despite the opportunities, the threat revolves round in the changes in regulatory requirements, shift in consumer demand etc.

### PERFORMANCE AND RESEARCH & DEVELOPMENT

The R&D Department has successfully Designed Proto Types (DPT) completed for front seat and first lot of proto seats with side air bag (SAB) completed. This enhances development capabilities of the team to get ready for mass production of seats with these enhanced safety features launched. The R&D department also developed samples for new upcoming models approved by customer. This enhances the Company's capability to understand & meet increased NVH specifications. This broadens our manufacturing footprint for NVH products.

Further there was successful start of production of frames & 2W seats for two new models of Suzuki Motorcycles during the year. The upgraded engineering set up with FEA (Finite Element Analysis) software's such as 'LS Dyna' and 'Hypermesh was done during the year in order to build in-house team capability.

Our R&D department is constantly on the look out to build scale and upgrade technology, innovation and lean technology.

### OUTLOOK

In order to navigate this environment, your Company is taking all the necessary measures to change with the new normal. Change is an important part of business life and necessary for growth. The Company has to be flexible to cope with the changing environment/ landscape.

Consumer buying patterns will change as we foresee a preference for safety, hygiene to be able to comply with the MHA requirements. In the urban areas hygiene and safety concerns will be the prime concern leading to ownership of vehicles. Shared vehicle rides may become a thing of the past. There may be a surge in the demand of pre-owned vehicles in the coming few months. This could help in the revival of the automobile industry by the third / fourth quarter of this year. The two wheeler sales may also see a growth as the cost of ownership is not burdensome on the customer.

We foresee a transition to digital platforms for online sales, and deliveries with the support of dealers to have minimal human contact.

In order to continue to remain the preferred supplier of customer, and keeping in mind the uniqueness of the product, your Company is laying immense emphasis on R&D's Process based approach to launch new products, with shorter development time, which will improve efficiency and cost as well as target Quality Excellence. Experts from our collaborators like Toyo Seats, Japan and M/s INOAC, Japan, frequently visit our production facilities for Kaizen initiatives and people training.

Your Company is focusing on:

1. Technological Innovation
2. Lean Operations
3. Talent Management
4. Low cost procurement
5. Backward Integration

Bharat Seats is a Total Productive Maintenance (TPM) certified Company. To continue to improve and sustain the work done, your Company has restarted the initiative of the next level of this certification which is the Consistency award. TPM for all plants shall reach another level within two years.

Safety, Health and Environment are high priority to the Company and regular audits are carried out making Your Company is safety compliant. Your Company is IATF (International Automotive Task Force) certified, which is specific to automobile industry. BSL is also OHSAS certified Company.

## **RISK AND CONCERNS**

The Company is exposed to external and internal risks associated with the business.

### **BUSINESS RISK**

The operations of the Company are directly dependent on the growth of the Indian automotive industry. General economic conditions impact the automotive industry and in turn the operations of the Company. The Company is dependent on several factors such as changes in Government policies and legislation, economy's growth, manufacturing input costs, cost inflation etc.

The global automotive manufacturers are expanding their production capacities in India, leading to global competition which can only be countered by maintaining a focus on cost, high quality product development and differentiation through Innovation. The Company is actively exploring all new business opportunities in terms of product diversification.

### **FINANCIAL RISK**

The Company is exposed to the risks associated with fluctuations in foreign currency rates and imports. The company's sales and margins are subject to the market forces that affect Maruti and Suzuki Motorcycle India Private Ltd. Your Company reviews forward exchange contracts/ derivative contracts on a regular basis to analyse foreign exchange exposure and confirms that the Company has a Risk Management policy, with a clause on foreign exchange risk management in place.

Both the operational and financial risks are constantly measured and adequate steps are taken from time to time to mitigate them successfully.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company has a proper and adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorized, reported and recorded correctly. Further internal audit covers all the areas e.g. Finance, Production, IT, HR, Purchase, Statutory Compliance etc. and regular audits are conducted by Internal Auditors. The Audit observations are periodically reviewed by the Audit Committee of the Board of Directors and necessary directions are issued, wherever required.

### **DISCLOSURE OF ACCOUNTING TREATMENT**

The Company has complied with all the provisions of the accounting standards in accordance with Section 133 of the Companies Act, 2013.

### **FINANCIAL PERFORMANCE**

In the year under review, there was a rise in expenditure on account of strengthening of R&D Department and Business development. The Company continued its focus on lean operations and cost optimization through a number of measures.

The details of the financial performance of the company are appearing in the Balance Sheet, Profit & Loss Account and other financial statements forming part of this Annual report. For financial highlights please refer heading 'FINANCIAL RESULTS' of Directors' Report.

### **HUMAN RESOURCES AND DEVELOPMENT**

At Bharat Seats, our aim is to create a work culture where employees are passionate about their work and contribute to the Company's performance. We in turn invest in our people by continuously upgrading their skills and their all round development. To further strengthen and motivate our

employees, several initiatives are taken on a continuous basis. We provide challenging and fulfilling opportunities to maximize their potential.

We ensure quality at our suppliers end by horizontal deployment of training is done for our Tier 1 and Tier 2 suppliers.

'Safety and Health remain top priority in the organisation, with periodic audits being carried out both internally as well as through external agencies.

Total number of permanent employees on the rolls of company as on March 31st 2020 is 398.

#### **DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS, i.e. CHANGE OF 25% OR MORE**

##### **Interest Coverage Ratio\***

2018-2019	18.16
2019-2020	11.76
% change	35.24%

\*Earnings before interest, depreciation, tax and amortization (EBIDTA) has been considered for coverage ratio.

Reason: Discontinuance/ shifting of certain models and lesser sales of existing models.

##### **Operating Profit Margin\***

2018-2019	3.79%
2019-2020	2.62%
% change	30.87%

• Operating profit is earning before interest and tax(EBIT)

Reason: Discontinuance/ shifting of certain models and lesser sales of existing models.

#### **DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH DETAILED EXPLANATION**

##### **Return on Net Worth**

2018-2019	20.49%
2019-2020	11.05%
% change	46.07%

Reason: Discontinuance/ shifting of certain models and lesser sales of existing models.

##### **DISCLAIMER**

Statements in the 'Management Discussion and Analysis' describing the company's objective, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable laws and regulations. The actual results could differ materially from those expressed or implied. The important factors that may affect the company's operations include demand & supply situation, input prices and their availability, change in Government policies/ regulations, tax laws and other statute. Therefore, all concerned should bear all above factors in mind.

**CORPORATE GOVERNANCE REPORT**  
**(FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED**  
**31ST MARCH, 2020)**

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Bharat Seats Limited is committed to conduct its business in compliance with the applicable laws, rules and regulations and highest standards of business ethics. Bharat Seats Ltd. recognizes that good Corporate Governance is a continuing exercise and remains committed to high standards of Corporate Governance. We, at Bharat Seats, believe that good Corporate Governance generates sustainable corporate growth and is primarily concerned with the principles of integrity, fairness, transparency, accountability and commitment to values. Presently, The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 hereinafter referred to as LODR Regulations with Stock Exchange regulates corporate governance practices of Listed Companies and your company is complying with the same.

**2. BOARD OF DIRECTORS**

**(a) Composition of the Board**

As on 31st March, 2020, the Board of Directors comprised of ten Directors, with an Executive Director as Chairman.

There was of one executive Director of the Company, the Chairman and Managing Director. The remaining nine Directors were non-executive Directors, out of which five Directors were independent. There are two women non-executive Directors, one is Independent

Woman Director and another belongs to promoter category. The number of Independent Directors was fifty percent of the total number of Directors.

Maruti Suzuki India Ltd., co-promoter and major customer of Bharat Seats, has nominated one non-executive Director on the Board of the Company. Also Suzuki Motor Corporation, co-promoter has nominated one non-executive Director on the Board of the Company.

The Company is in compliance with the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as: LODR Regulations), pertaining to composition of Directors.

The day-to-day management of the Company is conducted by the Chairman and Managing Director subject to the supervision and control of the Board of Directors.

All directors, other than Independent directors and Chairman and Managing Director, are liable to retire by rotation.

**(b) Number of Board Meetings and dates on which held**

During 2019-20, the Board of Directors met five times on 23rd April, 2019, 23rd July, 2019, 19th September, 2019, 11th November, 2019 and 27th January, 2020. The maximum gap between two Board meetings was less than one hundred twenty days.

**(c) Attendance of Directors at the meeting of the board of directors and the last Annual General meeting**

Attendance record of the Directors at the board meetings and at the last annual general meeting is as under:

NAME OF DIRECTOR	AGM held on 19 <sup>th</sup> September, 2019	Date of the Board Meetings held during the year					NO. OF BOARD MEETINGS HELD	NO. OF BOARD MEETINGS ATTENDED	% of Attendance
		23/04/2019	23/07/2019	19/09/2019	11/11/2019	27/01/2020			
MR. ROHIT RELAN	YES	✓	✓	✓	✓	✓	5	5	100%
MR TOSHIYA MIKI	YES	✓	✓	✓	✓	✓	5	5	100%
MRS SHARDA RELAN	NO					✓	5	1	20%
MR. AJAY RELAN	NO					✓	5	1	20%
MR. C.V. RAMAN	YES	✓	✓	✓	✓	✓	5	5	100%
MR. G.N. MEHRA	YES	✓	✓	✓	✓	✓	5	5	100%
MR. P.K. LAHIRI	YES	✓	✓	✓	✓	✓	5	5	100%
MR. RAVINDRA GUPTA	YES	✓	✓	✓	✓	✓	5	5	100%
MRS. SHYAMLA KHERA	YES	✓	✓	✓	✓	✓	5	5	100%
MR. ARVIND VARMA	YES	✓	✓	✓	✓	✓	5	4	80%

Video Conferencing facilities were provided to the Directors to facilitate them to participate in the meetings.

The Chairman of the Audit Committee and Nomination and Remuneration Committee attended the Annual General Meeting.

**(d) Details of Other Directorships/ Committee Memberships**

All the Directors have made necessary disclosures regarding their directorships and other interests as required under section 184 of the Companies Act, 2013 and on the Committee positions held by them in other Companies. None of the directors hold directorship in more than 20 Indian Companies with not more than 10 public limited companies and none of the directors hold directorships in more than 8 listed entities. None of the Independent directors serve as Independent director in more than seven listed entities. Further neither of director serve as member of more than 10 committees nor do any of them serve as Chairperson of more than five Committees across all the public limited companies in which they are directors.

Details of Directors, category of Directors, No. of other Directorship/ Committee membership held by them as on 31st March, 2020 are given below:

SR. NO.	NAME OF THE DIRECTORS (DIN)	DESIGNATION	CATEGORY	DETAILS OF DIRECTORSHIP OF OTHER LISTED ENTITIES AND CATEGORY OF DIRECTORSHIP		NO. OF OUTSIDE DIRECTORSHIP		NUMBER OF OUTSIDE COMMITTEE POSITIONS HELD		NO. OF SHARES HELD IN BSL	
						PUBLIC	PRIVATE	AS MEMBER	AS CHAIRMAN		
1	MR. ROHIT RELAN DIN: 00257572	CHAIRMAN AND MANAGING DIRECTOR	PROMOTER/ EXECUTIVE/ NON-INDEPENDENT	Sharda Motor Industries Limited	Non-executive Non-Independent	2	5	-	-	3,17,000 Equity shares	
2	MR TOSHIBA MIKI DIN: 07505339	DIRECTOR	NOMINEE – SUZUKI MOTOR CORPORATION/ NON-EXECUTIVE/ NON- INDEPENDENT	JTEKT India Ltd.	Non-executive Non-Independent	2	-	-	-	-	
3	MRS SHARDA RELAN DIN: 00252181	DIRECTOR	PROMOTER/ NON-EXECUTIVE/ NON-INDEPENDENT	Sharda Motor Industries Limited	Executive Non-Independent	3	1	2	-	12,51,350 Equity shares	
4	MR AJAY RELAN DIN: 00257584	DIRECTOR	PROMOTER/ NON-EXECUTIVE/ NON-INDEPENDENT	Sharda Motor Industries Limited	Executive Non-Independent	3	5	-	-	11,48,608 Equity shares	
5	MR. C.V. RAMAN DIN: 07093663	DIRECTOR	NOMINEE – MARUTI SUZUKI INDIA LTD. NON-EXECUTIVE / NON-INDEPENDENT	-	-	2	-	-	-	-	
6	MR G.N. MEHRA DIN: 00059311	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	Subros Ltd.	Non-executive Independent	4	-	1	4	-	
				Amrit Corp Ltd.	Non-executive Independent						
				Action Construction Equipment Ltd.	Non-executive Independent						
7	MR P.K. LAHIRI DIN: 00039653	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	-	-	1	-	-	-	-	
8	MR RAVINDRA GUPTA DIN: 01521168	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	-	-	-	-	-	-	-	
9	MRS SHYAMLA KHERA DIN: 06929439	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	-	-	-	-	-	-	-	
10	MR ARVIND VARMA DIN: 02225281	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	-	-	-	-	-	-	-	

**NOTES:**

The Committees considered for the purpose are those prescribed under Regulation 26(1)(b) of the LODR Regulations 2015.

All the relevant information, required to be placed before the Board of Directors as per Regulation 17(7) of LODR Regulations are duly considered and taken on record / approved by the Board.

Further, the Board periodically reviews Compliance Reports in respect of laws and regulations applicable to the Company.

**Succession Plan**

The Board of Directors has satisfied itself that plans are in place for orderly succession for appointment to the Board of Directors and senior management.



**(e) Relationship between directors inter-se**

There is no relationship between the directors except that:

- (i) Mr. Rohit Relan, Ms. Sharda Relan and Mr. Ajay Relan are relatives;
- (ii) Mr. C. V. Raman and Mr. Toshiya Miki are nominees of Maruti Suzuki India Limited and Suzuki Motor Corporation respectively.

The independent Directors do not have any material pecuniary relationship or transactions with the Company, its Directors and its senior management personnel which may affect their independence, except for the Sitting fees, drawn for attending the meetings of the Board and Committee(s) thereof.

**(f) Number of Shares and convertible instruments held by Non-Executive Directors**

S. No	Name of Non Executive Director	No. of Shares held as on 31.03.2020
1	Mr. Ajay Relan	11,48,608
2	Mrs Sharda Relan	12,51,350

There are no convertible instruments issued by the Company.

**(g) Familiarisation Programme**

The Company follows familiarisation programmes through various reports/ codes/ policies for all the Directors. The details of familiarization programme have been posted on the website of the Company under the web link: <https://bharatseats.com/wp-content/uploads/2020/05/familiarisation-programme-for-independent-directors2020.pdf>.

**(h) Key Board Skills, Expertise and Competence**

The Board comprises qualified members who bring in the required skills, competence and expertise that allows them to make effective contribution to the Board and its committees.

In view of the objectives and activities of our Business, the Company requires skills/ expertise/ competencies in the areas of Finance, Regulatory, Strategy, Business Leadership, Automotive Technology, Human Resources, risk and Governance.

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence required for it to function effectively. The Board periodically evaluates the need for change in its composition and size.

**(i) Independent Directors**

The term Independent Director has been defined under Section 149 of the Companies Act, 2013 and rules framed there under and Regulation 16 of the Listing Regulations.

Based on the disclosures received from all the Independent Directors and also in the opinion of the Board, the Independent Directors meet the criteria of 'Independence' specified in the Regulation 16(1)

of the LODR Regulations and section 149(6) of the Companies Act, 2013 and rules framed there under and are independent of the management as required under Regulation 25 of the LODR Regulations.

The Company has complied with the provisions with respect to appointment and term of appointment of Independent Directors which are consistent with the Act and Listing Regulations. The Independent Directors on the Board of the Company are given formal appointment letter *inter alia* containing the terms of appointment, role, duties and responsibilities etc. The terms and conditions of appointment are disclosed on the website at <https://bharatseats.com/policies-codes-programmes/>. None of the Independent Directors have resigned before the expiry of their respective tenures during the year under review.

A separate meeting of the Independent Directors was held on June 12, 2020 without the attendance of Non Independent Directors and other members of the Management. All the Independent Directors took part in the discussion. At the said meeting, the Independent Directors reviewed the performance of non-independent directors, the Board as a whole and the Chairman of the Company. They also assessed the quality, quantity, timeliness and adequacy of information between the Company's management and the Board.

**(j) Performance Evaluation of Directors**

The Nomination and Remuneration Committee of the Board reviewed the criteria laid down for the performance evaluation of all Directors. The performance evaluation has been done by the entire Board of Directors, except the Director concerned being evaluated.

**(k) Board's Functioning and Procedures**

The Board plays a pivotal role in ensuring good governance. Its style of functioning is democratic. The Members of the Board have always had complete freedom to express their opinion and decisions are taken on the basis of a consensus arrived at after detailed discussion. The members are also free to bring up any matter for discussion at the Board Meetings with the permission of the Chairman.

The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of setting corporate goals and monitoring corporate performance, it directs and guides the activities of the management towards the set goals and seeks accountability with a view to ensure that the corporate philosophy and mission viz., to create long term sustainable growth that translates itself into progress, prosperity and the fulfilment of stakeholders' aspirations, is accomplished. It also sets standards of corporate behavior and ensures ethical behavior at all times and strict compliance with Laws and Regulations.

The required information including information as enumerated in Regulation 17(7) read together with Part A of Schedule II of the LODR Regulations is made available to the Board of Directors.

All the items on the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as



financial/business plans, financial results, detailed presentations are made. The Agenda and the relevant notes are sent in advance separately to each Director to enable the Board to take informed decisions.

The minutes of the meetings of the Board are individually given to all directors and confirmed at the subsequent Board Meeting. The Minutes of the various Committees of the Board are also individually given to the respective Committee members and thereafter tabled for noting purpose at the subsequent Board Meeting, in compliance with Secretarial Standards issued by the Institute of Company Secretaries of India.

#### **COMMITTEES OF THE BOARD:**

The Board Committees are set up by the Board and play a crucial role in the governance structure of the Company and deal with specific areas of concern for the Company that need a closer review. The Committees operate under the direct supervision of the Board and the Chairpersons of the respective Committees report to the Board about the deliberations and decisions taken by the Committees. The recommendations of the Committees are submitted to the Board for approval. The Minutes of the meetings of all Committees of the Board are placed before the Board for noting purpose.

Bharat Seats Ltd. has four Committees of the Board:

- 1) Audit Committee
- 2) Nomination and Remuneration Committee
- 3) Stakeholders relationship Committee and
- 4) Corporate Social Responsibility Committee

The composition of the various Committees of the Board of Directors is available on the website at: <https://bharatseats.com/board-of-directors-2/>

### **3. AUDIT COMMITTEE**

The Company has a qualified Audit Committee and Mr. G. N. Mehra, Chairman of the Audit Committee is Non Executive Independent Director of the Board who has relevant accounting and financial expertise. The composition and terms of reference of the Audit Committee is in compliance with Section 177 of the Companies Act, 2013 and with Regulation 18(1) of the LODR Regulations. The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements/ other management information, adequacy of provisions for liabilities, and whether the audit tests are appropriate and scientifically carried out and that they are aligned with the realities of the business, adequacy of disclosures, compliance with all relevant statutes and other facets of Company's operation that are of vital concern to the Company. In particular, the role of Audit Committee includes the following:

#### **(a) Functions of the Audit Committee**

- i) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii) Recommendation for appointment,

remuneration and terms of appointment of auditors of the company;

- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv) Reviewing 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.
- v) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi) Reviewing, 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;
- vii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- viii) Approval or any subsequent modification of transactions of the company with related parties;
- ix) Valuation of undertakings or assets of the company, wherever it is necessary;
- x) Evaluation of internal financial controls and risk management systems;
- xi) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

- xii) Reviewing 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;
- xiii) Discussion with internal auditors of any significant findings and follow up there on;
- xiv) Reviewing 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;
- xv) Discussion 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;
- xvi) To 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;
- xvii) To review the functioning of the Whistle Blower mechanism;
- xviii) Approval of appointment of CFO (i.e., the whole- time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xix) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**(b) Powers of Audit Committee**

- i) To investigate any activity within its terms of reference.
- ii) To seek information from any employee.
- iii) To obtain outside legal or other professional advice.
- iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

**(c) Review of information by Audit Committee**

The Audit Committee shall mandatorily review the following information:

- i) Management Discussion and Analysis of financial condition and results of operations;
- ii) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- iii) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- iv) Internal audit reports relating to internal control weaknesses; and
- v) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- vi) Statement of deviations:
  - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7).
- vii) To frame and review the policies in relation to the implementation of the Bharat Seats Code of Conduct for Prevention of Insider Trading and to supervise implementation of the same.

The meetings of Audit Committee were held on 23rd April, 2019, 23<sup>rd</sup> July, 2019, 11<sup>th</sup> November, 2019 and 27<sup>th</sup> January, 2020. The maximum gap between two meetings was less than one hundred twenty days.

The composition of the Audit Committee and the meetings attended by the members during the year are as follows:

Sr. No.	Name	Category	Designation	No. of meeting held	No. of meetings attended
1	Mr. G. N Mehra	Non-Executive / Independent Director	Chairman	4	4
2	Mr. P. K. Lahiri	Non-Executive / Independent Director	Member	4	4
3	Mr. Ravindra Gupta	Non-Executive / Independent Director	Member	4	4
4	*Ms. Shyamla Khera	Non-Executive / Independent Director	Member	4	3

\*During the year, Ms. Shyamla Khera, a non-executive Independent Director was inducted as a member of the Audit Committee by the Board in its meeting held on April 23, 2019.

The meetings of the Audit Committee are also attended by the Chairman and Managing Director, Chief Financial Officer, Sr. Vice President, Statutory Auditors and Internal Auditors as Special Invitees as and when required. The Chairman of the Audit Committee attended the last Annual General Meeting to answer the shareholders' queries. The Company Secretary acts as the Secretary of the Committee.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

The meeting of Nomination and Remuneration Committee was held on 27th January, 2020. The composition of Nomination and Remuneration Committee is as follows:

Sr. No.	Name	Category	Designation	No. of meetings held	No. of meetings attended
1	Mr. P. K. Lahiri	Non-Executive /Independent Director	Chairman	1	1
2	Mr. G. N Mehra	Non-Executive /Independent Director	Member	1	1
3	Mr. Ravindra Gupta	Non-Executive /Independent Director	Member	1	1
4	Mr. Arvind Varma	Non-Executive /Independent Director	Member	1	-

Ms Ritu Bakshi, Company Secretary acts as the Secretary of the Committee.

The Committee's constitution and terms of reference are in compliance with the provisions of section 178 of the Companies Act and Regulation 19 read with Part D of Schedule II of the SEBI (LODR), Regulations, 2015, besides other terms as may be referred by the Board of Directors.

#### Remuneration policy

The Committee's constitution and terms of reference are in compliance with the provisions of section 178 of the Companies Act and Part D of Schedule II of SEBI (LODR), Regulations, 2015 besides other terms as may be referred by the Board of Directors. The policy is available on the website at <https://bharatseats.com/wp-content/uploads/2020/05/NRCPolicy2020.pdf>

The terms of reference include:

- Formulation of criteria for determining qualifications, positive attributes and independence of a Director and Remuneration for the Directors, Key Managerial Personnel and Senior Management and recommending the same to the Board and
- Identification of person who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria as per the policy approved by the Board. The policy of the company is to remain competitive in the industry, to attract and retain the best talent and appropriately reward employed for their individual performance and contribution to the business.
- The Nomination and Remuneration Committee lays down the criteria for the performance evaluation of Independent Directors and other Directors, Board of Directors and committee of the Board of Directors.

The re-appointment of Mr. Rohit Relan as Managing Director w.e.f.1.10.2016 and remuneration thereof for a period of five years was approved by shareholders at their 29th Annual General Meeting held on 20th July, 2016, on the lines as approved by board in its meeting held on 15th April, 2016. Due to 'inadequacy of profits' in BSL in terms of Schedule V of the Companies Act, 2013, the remuneration of Managing Director was valid upto 30.09.2019. The Board in its meeting held on 27th January, 2020 approved the remuneration paid/payable to Mr. Rohit Relan, Chairman and Managing Director for his remaining tenure, i.e. from 01.10.2019 to 30.09.2021 on the same lines as he was receiving earlier, subject to the approval of the shareholders at the General Meeting by means of a Special Resolution.

The Non-Executive Director do not draw any remuneration from the company except the sitting fees which were paid at a rate of Rs. 40,000/- for each meeting of the Board/Committee of the Board attended by them during the financial year.

The details of salary, perquisites (including contribution to Provident Fund) and sitting fees paid to directors are given as under:

Rs. in lakhs

Name	Position	Gross Remuneration		Sitting Fee
Mr. Rohit Relan	Chairman and Managing Director	Salary	132.00	
		Allowances and Perquisites	27.00	
		Contribution to P.F.	17.16	
		Total	176.16	-
*Mr. C.V. Raman	Director		-	2.00
Ms Sharda Relan	Director		-	0.40
Mr. Ajay Relan	Director		-	0.40
Mr. G.N.Mehra	Director		-	6.40
Mr. P. K. Lahiri	Director		-	5.60
Ms. Shyamla Khara	Director		-	5.60
Mr. Ravindra Gupta	Director		-	4.80
Mr. Arvind Varma	Director		-	3.20

\*Paid to Maruti Suzuki India Limited, of which Mr.C.V. Raman is a nominee director.

#### 5. Stakeholders' Relationship Committee

In compliance with Section 178 of the Companies Act, 2013 and the rules made thereunder and Regulation 20 of SEBI (LODR), 2015, the Company has duly constituted a Stakeholders' Relationship Committee (SRC). The SRC Constitution Charter elaborates in detail the constitution, manner of meetings and roles and responsibilities of SRC.

Stakeholders Relationship Committee is primarily responsible with various matters relating to: -

- Overall review of Transfer of shares.
- Issue of duplicate share certificate.
- Review of shares dematerialized and all other related matters.
- Monitors expeditious redressal of shareholders' grievances.
- Review of measures for effective exercise of voting rights by shareholders
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and share transfer agent and overseeing their performance.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividend and ensuring timely receipt of dividend/ annual reports by the shareholders of the Company
- And such other terms of reference as may be prescribed by law from time to time.

The meetings were held on 23rd April, 2019, 23rd July, 2019, 11th November, 2019 and 27th January, 2020. The composition of the committee and the details regarding meetings held and attended are given as under:

S. No.	Name	Category	Status	No. of meetings held	No. of meetings attended
1.	Ms. Shyamla Khara	Non-Executive/Independent Director	Chairperson	4	4
2.	Mr. G. N. Mehra	Non-Executive/Independent Director	Member	4	4
3.	Mr. P. K. Lahiri	Non-Executive/Independent Director	Member	4	4
4.	Mr. Arvind Varma	Non-Executive/Independent Director	Member	4	2

During the year, Mr. Arvind Varma was inducted as a member of the Stakeholders' Relationship Committee by the Board in its meeting held on 23<sup>rd</sup> April, 2019.

Details of the status of the Complaints received during the year in the following statement:

S. No.		Received	Resolved	Pending
	<b>Complaints</b>	1	1	NIL

Ms. Ritu Bakshi, Company Secretary is the Compliance Officer as per Regulation 6 of LODR Regulations, 2015. There are no shares pending for transfer as on 31st March 2020 except those cases where there were discrepancies which were timely pointed out to the concerned stakeholders.

## 6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Committee's constitution and terms of reference are in compliance with the provisions of the Section 135 of The Companies Act, 2013, which includes recommending to the Board, indicating the activities of CSR to be undertaken.

The composition of the committee and the details regarding date of meeting held and attended are given as under: Meeting held on 23<sup>rd</sup> July, 2019 and 11<sup>th</sup> November, 2019.

S. No.	Name	Category	Status	No. of meetings held	No. of meetings attended
1.	Mr. Ravindra Gupta	Non-Executive/ Independent Director	Chairman	2	2
2.	Mr. G. N. Mehra	Non-Executive/ Independent Director	Member	2	2
3.	Mrs. Shyamla Khera	Non-Executive/ Independent Director	Member	2	2
4.	Mr. Arvind Varma	Non-Executive/ Independent Director	Member	2	2

During the year, Mr. Arvind Varma was inducted as a member of the Corporate Social Responsibility Committee by the Board in its meeting held on 23<sup>rd</sup> April, 2019.

## 7. GENERAL BODY MEETINGS

Details of Annual General Meetings held during the last three years:

Year	Date	Time	Venue	Whether Special Resolution passed
2019	19.09.2019	11 a.m.	Air Force Auditorium, New Delhi	Yes
2018	25.09.2018	11 a.m.	Air Force Auditorium, New Delhi	No
2017	21.09.2017	11 a.m.	Air Force Auditorium, New Delhi	No

## POSTAL BALLOT DURING THE YEAR

The Company did not carry out any postal ballot during the year.

## 9. MEANS OF COMMUNICATION

- The unaudited quarterly results are announced within forty-five days of the end of the quarter and the audited annual results within sixty days from the end of the last quarter as stipulated under the LODR regulations. The aforesaid financial results are taken on record by the Board of Directors and are communicated to the Stock Exchange where the company's securities are listed.
- Once the Stock Exchange has been intimated, these results are also published within 48 hours in English newspaper: Financial Express, and Hindi newspaper Jansatta-Delhi.
- All the data required to be filed electronically, such as quarterly financial results, shareholding pattern are being regularly uploaded on the Company's website: [www.bharatseats.com](http://www.bharatseats.com) and also uploaded on BSE.
- The Annual Report containing *inter alia* Audited Annual Accounts, Directors' Report, Auditors' Report and other important information forming part of Annual Report is displayed on the Company's website.
- The Annual report is forwarded to all members in electronic mode, whose email IDs are registered with Depositories and physical copies are sent in case email ID is not available.
- NECS intimation of dividend is forwarded to all members in electronic mode, whose email IDs are registered with Depositories and physical copies are sent in case email ID is not available.

**10. GENERAL SHAREHOLDERS INFORMATION**
**(a) Appointment/ Re-appointment of Directors**

As required, a brief profile and other particulars of the Directors seeking re-appointment are given in the Notice of the 33<sup>rd</sup> Annual General Meeting and forms part of the Corporate Governance Report.

**(b) Annual General Meeting**

Number of Annual General Meeting	33 <sup>rd</sup> Annual General Meeting
Date and Time	September 21, 2020 at 11.00 a.m.
Venue	Through Video Conferencing/other audio visual means (VC/OAVM)

**(c) Financial Calendar : 2020-21, 1st April, 2020 to 31st March, 2021**

First Quarter Ended June, 2020	Before 2nd week of August, 2020
Second Quarter Ended September, 2020	Before 2nd week of November, 2020
Third Quarter Ended December, 2020	Before 2nd week of February, 2021
Year ended March, 2021	April, 2021

**(d) Book Closure Dates**

From 15<sup>th</sup> September, 2020 to 21<sup>st</sup> September, 2020 (both days inclusive).

**(e) Dividend Payment date**

The Dividend, if declared, will be paid within 30 days of the Annual General Meeting. As per Clause A(V) of Circular no.20/2020 dated 05.5.2020, in case the company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of the details of the bank account, the company shall upon normalization of the postal services, dispatch the dividend warrant/ cheque to such shareholder by post.

**(f) As on 31st March 2020, the Equity Shares of the company are listed on:**

BSE Limited.

P.J. Towers

Dalal Street, Mumbai – 400 001

Listing fee for the financial year: 2020-2021 has been paid to the stock exchange. The Equity shares of the Company have not been suspended from trading.

**(g) Stock Code**

Stock Code is 523229.

International Securities Identification Number (ISIN) for NSDL and CDSL: INE415D01024.

**(h) Market Price data:**

Monthly High and Low quotations as well as the volume of the equity shares of the company traded for the year 2019-2020 based upon BSE Price data is given below:

MONTH	BSE – HIGH	BSE - LOW	VOLUMES	BSE SENSEX
APRIL, 2019	97.8	76	195877	39031.55
MAY, 2019	84.7	65.95	242407	39714.20
JUNE, 2019	80.5	63.25	172207	39394.64
JULY, 2019	66.2	54	279824	37481.12
AUGUST, 2019	63.1	51	178304	37332.79
SEPTEMBER, 2019	74.95	54.5	263550	38667.33
OCTOBER, 2019	71.65	60.5	399917	40129.05
NOVEMBER, 2019	72.95	60.15	579846	40793.81
DECEMBER, 2019	73.8	55.5	434292	41253.74
JANUARY, 2020	76	63.25	605081	40723.49
FEBRUARY, 2020	67.7	46.1	233283	38297.29
MARCH, 2020	56	29.1	401996	29468.49

**(i) Registrar and Share Transfer Agents:**

(For Demat Shares and for Physical Shares)

 Alankit Assignments Ltd.  
 4E/2, Alankit House, Jhandewalan Extension, New Delhi-110055,  
 Ph: 42541234, Fax: 4254 1201  
 E-Mail: alankit@alankit.com

**(j) Share Transfer System**

The Share Transfers (pertains to shares in Physical Mode) are registered and returned within the stipulated time, if documents are clear in all respects.

**(k) Distribution of Shareholding as on 31.03.2020:**

S. NO.	NO. OF SHARES HELD	NO. OF HOLDERS	PERCENTAGE OF HOLDERS(%)	HOLDING	PERCENTAGE OF HOLDING (%)
1	UPTO 500	10933	83.29	1156828	3.68
2	501 TO 1000	1161	8.84	1015044	3.23
3	1001 TO 5000	830	6.32	1945047	6.19
4	5001 TO 10000	88	0.67	668826	2.13
5	10001 TO 20000	55	0.42	827116	2.63
6	20001 TO 30000	20	0.15	508575	1.62
7	30001 TO 40000	6	0.04	217404	0.69
8	40001 TO 50000	2	0.02	83684	0.27
9	50001 TO 100000	14	0.11	998805	3.18
10	100001 TO 500000	13	0.10	3278713	10.44
11	500001 and ABOVE	5	0.04	20699958	65.94
	<b>TOTAL</b>	<b>13127</b>	<b>100.00</b>	<b>31400000</b>	<b>100.00</b>

**(l) Shareholding pattern as on 31.03.2020:**

S. No.	Category	No. of Shareholders	% of Shareholders	No. of Equity Shares	% of Shares
1.	Promoters and Associate Companies :				
a.	Indian	18	0.14	18769824	59.78
b.	Foreign	1		4650000	14.81
2.	Non-Promoter Shareholding:				
a.	Other Corporate Bodies	125	0.95	763731	2.43
b.	Mutual Funds	1		1000	
c.	Financial Institutions	2	0.02	34001	0.11
d.	NRIs	199	1.52	324057	1.03
e.	Trust	2	0.02	57482	0.18
f.	Indian Public	12779	97.35	6799905	21.66
	<b>TOTAL</b>	<b>13127</b>	<b>100.00</b>	<b>31400000</b>	<b>100.00%</b>

**(m) Dematerialisation of Shares and liquidity**

99.02% of the Equity Shares of the Company have been dematerialized as at 31st March, 2020. The Shares of the Company are available for trading with both the Depositories, namely; National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).



- (n) No GDRs/ ADRs/ Warrants or any convertible instruments have been issued by the Company.
- (o) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of LODR Regulations: The Company did not raise any funds through preferential allotment or qualified institutions placement
- (p) Commodity price risk or foreign exchange risk and hedging activities: The Company is exposed to capital risk, market risk, credit risk and liquidity risk. The details of risks, including foreign exchange exposures as on March 31, 2019 are disclosed in Notes to the Financial Statements.
- (q) Pursuant to Schedule V of the LODR Regulations, the details of shares held in **Unclaimed Suspense Account of “Bharat Seats Limited – Unclaimed Suspense Account”** with Alankit Assignments Limited are as follows:

Type of Securities	Balance As on 1 <sup>st</sup> April, 2019		No. of shareholders who approached for transfer from Suspense Account	No. of shareholders to whom shares were transferred from Suspense Account	Balance As on 31st March, 2020	
	No. of records	No. of shares			No. of records	No. of shares
Equity Shares	76	96020	-	-	76	96020

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

(r) **Plant Locations:**

- |  |   |
|--|---|
| <p>1) Plant – I<br/>Joint Venture Plot No.1,<br/>Maruti Complex, Gurugram - 122015 (Haryana)<br/>Ph : +91- 9643339870-74<br/>Fax : 0124 - 2341188<br/>E-Mail : seats@ bharatseats.net<br/>investor_relations@bharatseats.net<br/>Website : www.bharatseats.com</p> | <p>4) New Survey/ Block No.30 (Old Revenue Survey no. 403/9)<br/>Moje Naviyani, Taluka Dasada<br/>Distt. Surenderanagar, Part of<br/>Nihon Industrial Park, Gujarat</p> |
| <p>2) Plant- II<br/>Plot No.Mustill No.226, Kila No.7/1, Village<br/>Bhorakalan, Gurugram (Haryana)</p>  | <p>5) Plant-V<br/>Plot No.665, Sector 37, Pace City II, Gurugram<br/>(Haryana)</p>  |
| <p>3) Plant-III<br/>Plot No. 26, Sector-3A, Maruti Supplier Park,<br/>IMT, Manesar, Gurugram (Haryana)</p>   | <p>6) Plant -VI<br/>Plot No. 702, Sector 37, Pace City II, Gurugram<br/>(Haryana)</p>   |

(s) **Registered Office:**

Bharat Seats Limited  
1, Nelson Mandela Road, Vasant Kunj, New Delhi 110070 Ph : 09810808631  
Email: seats@bharatseats.net

(t) **Investor Relation Cell address for Correspondence**

Investors/ shareholders correspondence may be addressed either to the Company's Secretarial Department, contact person: Ms.Ritu Bakshi, Company Secretary and Compliance Officer, functioning at the works- Plant -1 of the Company at Gurugram or to its Registrar and Transfer Agent: Alankit Assignments Ltd., contact person: Mr.J.K.Singla, Sr.Manager at 4E/2, Alankit House, Jhandewalan Extension New Delhi – 110055.

(u) **OTHER DISCLOSURES**

**Related Party Transactions**

The particulars of transactions between the company and its related parties as per the terms of Ind AS-24, "Related Party Disclosures", specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2015 and Regulation 23 of the LODR Regulations, are disclosed in Note No.37(d) of Notes to Financial Statements. However, these transactions are not likely to have any conflict with the Company's interest. All related party transactions are generally with its associates and are entered into based on considerations of various business exigencies. All related party transactions are in the ordinary course of business and are negotiated on arm's length basis and are intended to further the Company's interests. Further, there were no materially significant related party transactions that were entered during

the year that have a potential conflict with the interests of your Company at large. A confirmation as to the compliance of Related party transactions as per LODR Regulations is sent to Stock exchange along with quarterly compliance report of Corporate Governance.

#### **Penalties/ Strictures**

No Strictures/Penalties have been imposed on the company by the Stock Exchange or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets during the last three years.

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by ICAI.

The significant accounting policies, which are consistently applied, have been set out in the Notes to the Accounts.

The Management Discussion and Analysis is an ongoing process within the Organization. An exercise on Business Risk was carried out covering the entire gamut of Business operations and the Board was informed of the same.

The Company has framed Whistle Blower Policy. No personnel had been denied access to the audit Committee.

Adoption of Non Mandatory requirements as stipulated under Listing Regulations are being reviewed by the Board from time to time.

Details of compliance with mandatory requirements and adoption of non-mandatory requirements as specified in Part E of Schedule II of LODR Regulations 2015:

The Company has duly complied with all the mandatory requirements under Chapter IV of the SEBI (LODR), 2015. The Company has not adopted the non-mandatory (discretionary) requirements as mentioned in Part E of Schedule II of the SEBI (LODR), 2015 except that the Company has financial statement with unmodified audit opinion and the Internal Auditor reports directly to the Audit Committee.

#### **Disclosure of Accounting Treatment**

The financial statements of year under review have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (IND AS) prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.

#### **Disclosure Pursuant To Clause (2a) Of Schedule V (Annual Report) Of SEBI (LODR) (Amendment) Regulations, 2018 of transactions of the Company with any person or entity belonging to the Promoter/ Promoter group which hold(s) 10% or more shareholding in the listed entity**

Enclosed as annexure.

#### **(v) CREDIT RATING**

ICRA has assigned its Short Term credit rating of A2+ and Long term Credit rating of A-, indicating the outlook on the long term rating as 'Stable'.

#### **(w) CODE OF CONDUCT**

In terms of the requirement of Regulation 17(5)(a) of the Securities and Exchange Board of India (Listing and Disclosure Obligations) Regulations 2015 ["SEBI (LODR), 2015"] & Section 149(8) read with Schedule IV of the Companies Act, 2013 ("the Act"), the Board of Directors has adopted the Code of Conduct for Directors and Senior Management. The said Code has been communicated to the Directors and the Members of the Senior Management. A copy of code of conduct has been made available to stock exchange for its wide circulation and has been posted at the website of the Company. All Board members and senior management personnel affirm their compliance with the Code on annual basis. A declaration to this effect signed by the Chairman and Managing Director of the Company, forms part of this Annual Report of the Company.

#### **(x) CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING**

The Company has adopted a Code for Prevention of Insider Trading as per SEBI (Prohibition of Insider Trading) Regulations, 2015. All Directors and Designated Employees/ persons who could have access to the Unpublished Price Sensitive Information are governed by the said Code.

#### **(y) PREVENTION OF SEXUAL HARASSMENT**

Your Company has zero tolerance for sexual harassment at its workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

An Internal Committee has been constituted in accordance with the provisions of the POSH Act to redress complaints received regarding sexual harassment and all the provisions regarding the constitution are complied with.

During the year under review, the Company has received and has resolved one complaint on sexual harassment:



No. of Complaints filed during the financial year: 1

No. of Complaints disposed of during the financial year: 1

No. of complaints pending as on the end of financial year: Nil

### (z) REPORT ON CORPORATE GOVERNANCE

A report on Corporate Governance forms part of the Annual Report of the Company and is sent to the shareholders accordingly. The Company also submits a quarterly compliance report on Corporate Governance to the Stock Exchanges within 15 days from the close of the quarter.

#### **Disclosures of Compliance with Corporate Governance Requirements**

The Company has complied with Corporate Governance Requirements as specified in Regulation 17 to 27 of LODR.

The Company has complied with Clause (b) to (i) of sub regulation (2) of Regulation 46, relating to website disclosures. The Company's website contains a separate section 'Investor Relations' where members can access the details of the Board, Policies, the Board Committee, financials, details of unclaimed dividend and shares transferred/ liable to be transferred to IEPF, Stock exchange disclosures etc.

### (aa) CERTIFICATIONS

In compliance with Regulation 17(8) and 33 of the SEBI (LODR), 2015, the Company duly places a Certificate signed by Chairman and Managing Director and Chief Financial Officer of the Company before the Board of Directors.

The Company has obtains a certificate from its Secretarial Auditor regarding compliance of conditions of Corporate Governance stipulated under Listing Regulations and the said certificate is attached to the Directors Report and forms a part of the Annual Report. The said certificate is sent to the shareholders and Stock Exchanges along with the Annual Report of the Company.

A certificate from the Company Secretary in Practice has been received stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/ Ministry of Corporate Affairs or any such statutory authority, attached as Annexure.

### (ab) REMUNERATION TO STATUTORY AUDITORS

S.R.Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration number 301003E/ E300005), the Company's Statutory Auditor is responsible for performing an independent audit of the Financial Statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in India.

As required under Regulation 34 read with Part C of the Schedule V of the LODR Regulations, the total fees paid by the Company is Rs.34.58 lakhs (and its subsidiaries – Not Applicable) on a consolidated basis to the Statutory auditor and all entities in the network firm/ entity of which the statutory auditor is a part.

**DISCLOSURE PURSUANT TO CLAUSE (2A) OF SCHEDULE V (ANNUAL REPORT) OF SEBI (LODR) (AMENDMENT) REGULATIONS, 2018**

Disclosures of transactions of the listed entity with any person or entity belonging to the Promoter/ Promoter group which hold(s) 10% or more shareholding in the listed entity

**A. Names of promoter/ promoter group, with 10% or more shareholding and description of relationship:**

	<b>Names of promoter/ promoter group, with 10% or more shareholding</b>	<b>Nature of relationship</b>
	Maruti Suzuki India Limited	Entities with joint control or significant influence over the Company
	Suzuki Motor Corporation, Japan	
	Sharda Motor Industries Limited	

**B. Transactions during the year: (Rs. In Lakhs except as otherwise stated)**

<b>Particulars</b>	<b>2019-2020</b>	<b>2018-2019</b>
<b>i) Sale of products</b>		
Maruti Suzuki India Ltd.	50951.23	82,311.16
Sharda Motor Industries Ltd.	0.87	97.73
	<b>50952.10</b>	<b>82,408.89</b>
<b>ii) Purchases of Material, traded goods (Inclusive of all taxes)</b>		
Sharda Motor Industries Ltd.	8060.07	23,362.96
Maruti Suzuki India Ltd	159.85	287.34
	<b>8219.92</b>	<b>23,650.30</b>
<b>iii) Interest Income</b>		
Maruti Suzuki India Pvt. Ltd.	17.13	4.42
<b>iv) Other Expenses :</b>		
<b>a) Power &amp; Fuel</b>		
Maruti Suzuki India Ltd.	486.28	721.29
<b>b) Rent:</b>		
Maruti Suzuki India Ltd.	19.51	19.48
<b>c) Factory Expenses:</b>		
Maruti Suzuki India Ltd.	48.29	56.18
<b>d) Sitting fees:</b>		
Maruti Suzuki India Ltd.	2.00	1.60
Suzuki Motor Corporation, Japan	-	-
	<b>555.91</b>	<b>798.55</b>
<b>(v) Miscellaneous expenses</b>		
Maruti Suzuki India Limited	1.43	<b>2.34</b>
<b>(vi) Dividend paid</b>		
Maruti Suzuki India Ltd.	46.50	46.50
Suzuki Motor Corporation, Japan	46.50	46.50
Sharda Motor Industries Ltd.	90.00	90.00
	<b>183.00</b>	<b>183.00</b>

## DECLARATIONS

### CERTIFICATE OF CODE OF CONDUCT FOR THE YEAR: 2019-2020

Bharat Seats Limited is committed to conducting its business in accordance with the applicable laws, rules and regulations and with the highest standards of business ethics.

As provided under Listing Regulations, I hereby certify that all the Board members and Senior Management personnel have affirmed the compliance with the Code of Ethics and Business Conduct for the year ended 31<sup>st</sup> March, 2020.

**For Bharat Seats Limited**

**(Rohit Relan)**  
**Chairman and Managing Director**

### CEO / CFO Certification

To  
The Board of Directors  
Bharat Seats Limited

As provided under Regulation 17(8) of the SEBI(Listing Obligations And Disclosure Requirements) Regulations, we certify the following to the Board that for the year ended 31<sup>st</sup> March, 2020:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2020 and to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity'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 listed entity 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 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 :
- (1) that there have been no changes in internal control over financial reporting during the year;
  - (2) that there have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) There were no instances of fraud of which we have become aware.

**For Bharat Seats Limited**

**Rohit Relan**  
**Chairman and Managing Director**

**For Bharat Seats Limited**

**Rajat Bhandari**  
**Sr. Vice President (Strategic Planning)**

**For Bharat Seats Limited**

**Sanjeev Kumar**  
**Chief Financial Officer**

Place : Gurugram  
Date : 12<sup>th</sup> June, 2020

## CERTIFICATE ON CORPORATE GOVERNANCE

**To**

**The Members of Bharat Seats Limited**

I have examined the compliance of conditions of Corporate Governance by the Company for the year ended 31<sup>st</sup> March, 2020 as stipulated under Regulation 17 to 27, clauses (b) to (i) of sub-regulation (2) of 46, para C, D and E of Schedule V and any other relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with the relevant records/documents maintained by the Company furnished to me for my review and report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation there of, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit, nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and representation made by the Directors and the management, I confirm that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI Listing Regulations, 2015.

I further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : New Delhi  
Date : 9<sup>th</sup> June, 2020

**R.S. Bhatia**  
Practicing Company Secretary  
CP No: 2514  
UDIN:F002599B000328661

**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 Disclosures Requirements) Regulation, 2015)

To,  
The Members of  
Bharat Seats Limited  
1, Nelson Mandela Road,  
Vasant Kunj, New Delhi-110070

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Bharat Seats Limited having CIN No. L34300DL1986PLC023540 and having registered office at 1, Nelson Mandela Road, Vasant Kunj, New Delhi-110070 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing obligations and Disclosure Requirements) Regulation 2015.

In my opinion and to the best of my information and according to the verifications (including Director Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company and its officers, I hereby Confirm that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> 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 or any such other statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in the company
1	Mr. Rohit Relan	00257572	06/03/1986
2	Ms. Sharda Relan	00252181	20/07/2016
3	Mr. Ajay Relan	00257584	05/04/1988
4	Mr. Toshiya Miki	07505339	20/01/2017
5	Mr. Raman Venkat Challa	07093663	18/07/2015
6	Mr. Girish Narain Mehra	00059311	22/01/2003
7	Mr. Prateep Kumar Lahiri	00039653	22/01/2003
8	Mr. Ravindra Gupta	01521168	31/03/2009
9	Mr. Arvind Varma	02225281	21/10/2014
10	Ms. Shyamla Khera	06929439	21/07/2014

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

Place : New Delhi  
Date : 4<sup>th</sup> June, 2020

**R S Bhatia**  
Membership No:2599  
CP No.:2514  
UDIN: F002599B000317320



## Independent Auditor's Report

To the Members of Bharat Seats Limited

### Report on the Audit of the Ind AS Financial Statements

#### Opinion

We have audited the accompanying Ind AS financial statements of Bharat Seats Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the 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 March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS 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 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 audit opinion on the Ind AS financial statements.

#### Emphasis of Matter

We draw attention to note 37(l) to the accompanying Ind AS financial statements, which describes the management's assessment of the impact of uncertainties arising because of Covid-19 pandemic and its consequential effects on the Company's operations and results.

Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Contingent Liabilities</b> (as described in note 26 of the Ind AS financial statements)	
<p>As of March 31, 2020, the Company has disclosed contingent liabilities of Rs.382.18 lakhs relating to tax and legal claims.</p> <p>Due to complexity of cases, timescales for resolution and need to negotiate with various authorities, there is significant judgement required by management in assessing the exposure of each case and thus a risk that such cases may not be adequately provided for or disclosed in the Ind AS financial statements.</p> <p>Accordingly, claims, litigations, arbitrations and contingent liabilities was determined to be a key audit matter in our audit of the Ind AS financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Gained an understanding of the process of identification of claims, litigations, arbitrations and contingent liabilities, and evaluated the design and tested the operating effectiveness of key controls.</li> <li>• Obtained the Company's legal and tax cases summary and critically assessed management's position through discussions with the legal head, tax head and Company management, on both the probability of success in significant cases, and the magnitude of any potential loss.</li> <li>• Obtained confirmation, where appropriate, from relevant third party legal counsel and conducted discussions with them regarding material cases. Evaluated the objectivity, independence, competence and relevant experience of third party legal counsel.</li> </ul>

	<ul style="list-style-type: none"> <li>• Engaged our tax specialists to assess management's application and interpretation of tax legislation affecting the Company, and to consider the quantification of exposures and settlements arising from disputes with tax authorities in the various tax jurisdictions.</li> <li>• Assessed in accordance with accounting standards, the provisions in respect of taxes on income and assessed disclosures relating thereto, including those for contingencies with regard to facts and circumstances of the legal and litigation matters</li> </ul>
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**Impairment assessment of property, plant and equipment and intangible assets due to Covid-19** (as described in note 37(l) of the Ind AS financial statements)

<p>Due to Covid – 19 impact there is a risk of losses or negative cash flows in the future which give rise to impairment indicators. This had an impact on the earnings of the Company, however the impact is not very significant for FY 19-20 since the lock-down happened only in the last week of March 2020 but may have significant impact for FY 20-21.</p> <p>The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment. The Company prepared its cash flow projections by applying assumptions and sensitivities for the likely impact of disruption relating to COVID -19.</p> <p>We identified impairment of property, plant and equipment as a key audit matter because it involved significant judgment and estimates in calculating the recoverable value.</p>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> <li>• We obtained from management the impairment assessment of property, plant and equipment and intangible assets at year end and discussed with management and evaluated the key assumptions underlying management's assessment of potential impairment of these assets.</li> <li>• We evaluated the management's impairment assessments and the assumptions adopted therein, including revenue assumptions, with reference to the actual revenue levels achieved in the current year and future operating plans.</li> <li>• We tested the input data such as expected revenue, costs, terminal growth and discount rate used in estimating the recoverable value by comparing them to external and internal sources of information.</li> <li>• We performed the stress test pursuant to change in underlying budget assumptions for future years.</li> </ul>
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**Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such other information is materially inconsistent with the Ind AS 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.

**Responsibilities of Management for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position,

financial performance including other comprehensive income, cash flows and changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS 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 respect to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and

content of the Ind AS financial statements, including the disclosures, and whether the Ind AS 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 Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;



- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
- (g) The remuneration paid to directors for the year ended March 31, 2020, being in excess of the limits prescribed within the provisions of section 197 read with Schedule V to the Act by Rs.39 lakhs, is subject to the approval by a special resolution by the shareholders in the ensuing Annual General Meeting - Refer Note.37(m) to the Ind AS financial statements;
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note.26 to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Amit Chugh**

Partner

Membership Number: 505224

UDIN: 20505224AAAAEE5092

Place of Signature: Gurugram

Date: June 12, 2020

## Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date.

### Re: Bharat Seats Limited (‘the Company’)

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regards to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the Company.
- ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at May 09, 2020 and no material discrepancies were noticed in respect of such confirmations.
- 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 Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of seating system and interior component for the automotive and surface transport, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, goods and service tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (In Lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1994	Show cause notice – Transaction value	27.69	2004-2006	Assistant Commissioner, Delhi
Central Excise Act, 1994	Disallowance of input tax credit on account of difference between physical stock of inputs and stock as reflected in statutory records	228.20	1997-1999	CESTAT, Delhi



- viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution and bank. The Company did not have any outstanding dues from debenture holders or Government.
- ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no frauds/ material fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi) According to the information and explanation given by the management, we report that remuneration of the Managing Director for the year ended March 31, 2020 is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto, by Rs 39 lakhs. We are informed by the management that it proposes for shareholder approval in the ensuing Annual General Meeting to ratify/approve the excess remuneration paid – Refer note 37(m) to the financial statements.
- xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & CO. LLP**  
Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Amit Chugh**  
Partner

Membership Number: 505224  
UDIN: 20505224AAAAEE5092  
Place of Signature: Gurugram  
Date: June 12, 2020

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF BHARAT SEATS LIMITED**

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

We have audited the internal financial controls over financial reporting of Bharat Seats Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of

Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under

section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, 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 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 over financial reporting with reference to these financial statements.

#### **Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

A company's internal financial control over financial reporting with reference to these 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 control over financial reporting with reference to these 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 Over Financial Reporting With Reference to these Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & CO. LLP**  
Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Amit Chugh**  
Partner

Membership Number: 505224  
UDIN: 20505224AAAAEE5092  
Place of Signature: Gurugram  
Date: June 12, 2020



**BALANCE SHEET AS AT 31ST MARCH 2020**

(Rs. in lakhs except as otherwise stated)

Particulars	Notes	As at 31st March 2020	As at 31st March 2019
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
Property, plant and equipment	5(a)	14,352.53	15,054.42
Capital work in progress	6	2,211.87	43.18
Right of use assets	5(b)	577.31	-
Intangible assets	5(a)	99.75	120.05
Financial assets			
i) Loans	7	78.68	96.07
Other non-current assets	8	35.98	12.31
Non-current tax assets (Net)	9	627.14	532.56
		<b>17,983.26</b>	<b>15,858.59</b>
<b>2 Current assets</b>			
Inventories	10	2,057.47	2,189.13
Financial assets			
i) Trade receivables	11	3,609.22	7,780.89
ii) Cash and cash equivalents	12	77.77	960.39
iii) Other bank balances	13	43.23	42.31
Other current assets	14	399.20	449.42
		<b>6,186.89</b>	<b>11,422.14</b>
<b>Total Assets</b>		<b>24,170.15</b>	<b>27,280.73</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
Equity share capital	15	628.00	628.00
Other equity	16	10,702.65	9,827.89
		<b>11,330.65</b>	<b>10,455.89</b>
<b>2 Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
i) Borrowings	17	2,388.12	2,007.75
ii) Lease liabilities	18(a)	533.57	-
Provisions	19	230.79	198.28
Deferred tax liabilities (Net)	20	788.78	1,304.39
		<b>3,941.26</b>	<b>3,510.42</b>
<b>Current liabilities</b>			
Financial liabilities			
i) Borrowings	21	776.45	622.46
ii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	22	446.11	1,489.58
- Total outstanding dues of creditors other than micro enterprises and small enterprises	22	6,792.76	10,546.67
iii) Lease liabilities	18(b)	59.18	-
iv) Other financial liabilities	23	671.23	472.84
Other current liabilities	24	105.23	132.87
Provisions	25	47.28	50.00
		<b>8,898.24</b>	<b>13,314.42</b>
<b>Total Equity and Liabilities</b>		<b>24,170.15</b>	<b>27,280.73</b>
Summary of significant accounting policies	2		
Contingent liabilities and commitments	26		
Other notes on accounts	37		

The accompanying notes are an integral part of the financial statements

**As per our report of even date**
**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Registration No. 301003E/E300005

**PER AMIT CHUGH**

Partner

Membership no. 505224

**For and on behalf of the Board of Directors**
**ROHIT RELAN**

Chairman and Managing Director

DIN 00257572

**RAJAT BHANDARI**

 Sr. Vice President  
(Strategic Planning)

Place : Gurugram

Dated : June 12, 2020

**RITU BAKSHI**

Company Secretary

**SANJEEV KUMAR**

Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020**

(Rs. in lakhs except as otherwise stated)

Particulars	Notes	Year Ended 31st March 2020	Year Ended 31st March 2019
<b>I INCOME</b>			
Revenue from operations	27	58,857.47	90,356.85
Other income	28	208.41	527.54
<b>Total income</b>		<b>59,065.88</b>	<b>90,884.39</b>
<b>II EXPENSES</b>			
Cost of materials consumed	29	45,968.18	74,699.42
Purchase of traded goods	30	31.12	36.87
Changes in inventories of finished goods, work in progress and traded goods	31	86.08	(107.97)
Employee benefits expense	32	3,167.49	3,138.64
Finance costs	33	322.41	302.10
Depreciation and amortization expenses	34	2,245.73	2,061.25
Other expenses	35	6,022.87	7,631.69
<b>Total expenses</b>		<b>57,843.88</b>	<b>87,762.00</b>
<b>III Profit before tax</b>		<b>1,222.00</b>	<b>3,122.39</b>
<b>IV Tax expenses</b>			
Current tax	20	474.43	831.76
Deferred tax expenses/(credit)	20	(515.61)	142.94
Adjustment of tax relating to earlier years	20	11.29	5.64
<b>Income tax expense</b>		<b>(29.89)</b>	<b>980.34</b>
<b>V Profit for the year</b>		<b>1,251.89</b>	<b>2,142.05</b>
<b>VI Other comprehensive income</b>			
Items not to be reclassified to profit or loss in subsequent periods:			
i) Re-measurement gains/(losses) on defined benefit plans (refer note 37(a))		1.89	25.10
ii) Income tax effect ( refer note 20)		(0.48)	(8.77)
Total other comprehensive income for the year, net of taxes		1.41	16.33
<b>VII Total comprehensive income for the year, net of taxes</b>		<b>1,253.30</b>	<b>2,158.38</b>
<b>VIII Earnings per equity share of Rs. 2 each:</b>			
(1) Basic ( Rs.)	36	3.99	6.82
(2) Diluted ( Rs.)	36	3.99	6.82
<b>Summary of significant accounting policies</b>	2		
<b>Contingent liabilities and commitments</b>	26		
<b>Other notes on accounts</b>	37		

The accompanying notes are an integral part of the financial statements

**As per our report of even date**  
**For S.R. Batliboi & Co. LLP**  
 Chartered Accountants  
 ICAI Registration No. 301003E/E300005

**For and on behalf of the Board of Directors**

**PER AMIT CHUGH**  
 Partner  
 Membership no. 505224

**ROHIT RELAN**  
 Chairman and Managing Director  
 DIN 00257572

**RAJAT BHANDARI**  
 Sr. Vice President  
 (Strategic Planning)

Place : Gurugram  
 Dated : June 12, 2020

**RITU BAKSHI**  
 Company Secretary

**SANJEEV KUMAR**  
 Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020**
**A Equity Share Capital ( Refer note 15)**

(Rs. in lakhs except as otherwise stated)

	<b>Nos.</b>	<b>Amount</b>
<b>As at 1st April, 2018</b>	3,14,00,000	628.00
Changes in equity share capital during the year	-	-
<b>Balance as at 31st March, 2019</b>	<b>3,14,00,000</b>	<b>628.00</b>
Changes in equity share capital during the year	-	-
<b>Balance as at 31st March 2020</b>	<b>3,14,00,000</b>	<b>628.00</b>

**B Other Equity ( Refer note 16)**

	<b>Reserves &amp; Surplus</b>		<b>Total</b>
	<b>General Reserve</b>	<b>Retained Earnings</b>	
<b>As at 1st April,2018</b>	<b>3,950.73</b>	<b>4,097.32</b>	<b>8,048.05</b>
Net profit for the year	-	2,142.05	2,142.05
Other Comprehensive Income for the year			
Remeasurements gain/(loss) on defined benefit plans.	-	16.33	16.33
<b>Dividends</b>			
Final dividend paid during the year	-	(314.00)	(314.00)
Corporate dividend tax	-	(64.54)	(64.54)
<b>As at 31st March 2019</b>	<b>3,950.73</b>	<b>5,877.16</b>	<b>9,827.89</b>
Net profit for the year	-	1,251.89	1,251.89
<b>Other Comprehensive Income for the year</b>			
Remeasurements gain/(loss) on defined benefit plans.	-	1.41	1.41
<b>Dividend</b>			
Final dividend paid during the year	-	(314.00)	(314.00)
Corporate dividend tax	-	(64.54)	(64.54)
<b>As at 31st March 2020</b>	<b>3,950.73</b>	<b>6,751.92</b>	<b>10,702.65</b>

Summary of significant accounting policies	2
Contingent liabilities and commitments	26
Other notes to accounts	37

The accompanying notes are an integral part of the financial statements

**As per our report of even date**
**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Registration No. 301003E/E300005

**PER AMIT CHUGH**

Partner

Membership no. 505224

Place : Gurugram

Dated : June 12, 2020

**For and on behalf of the Board of Directors**
**ROHIT RELAN**

Chairman and Managing Director

DIN 00257572

**RITU BAKSHI**

Company Secretary

**RAJAT BHANDARI**

Sr. Vice President

(Strategic Planning)

**SANJEEV KUMAR**

Chief Financial Officer

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020**

(Rs. in lakhs except as otherwise stated)

	For the year ended 31st March, 2020	For the year ended 31st March 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before income tax	1,222.00	3,122.39
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and amortization expense	2,245.73	2,061.25
Loss on sale of property, plant and equipment	9.42	68.59
Finance cost (including fair value change in financial instrument)	277.39	298.47
Interest on lease liability	42.15	-
Interest income (including fair value change in financial instrument)	(9.94)	(53.72)
Excess provision no longer required written back	(66.33)	(359.72)
<b>Operating profit before working capital changes</b>	<b>3,720.42</b>	<b>5,137.26</b>
<b>Adjustments for changes in working capital :</b>		
(Increase)/decrease in inventories	131.66	549.33
(Increase)/decrease in trade receivables	4,171.67	1,596.93
(Increase)/decrease in other financial and non- financial assets	54.75	71.72
Increase/(decrease) in trade payables	(4,731.05)	(2,540.25)
Increase/(decrease) in other financial, non financial liabilities and provisions	(0.30)	(339.43)
<b>Cash generated from operating activities</b>	<b>3,347.15</b>	<b>4,475.56</b>
Income tax paid ( net of refunds)	(580.78)	(1,007.93)
<b>Net cash flow from operating activities</b>	<b>2,766.37</b>	<b>3,467.63</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment including capital work in progress, capital advances net of capital creditors	(3,411.28)	(2,470.61)
Proceeds from sale of property, plant and equipment	0.96	15.24
Fixed Deposits matured/(made) during the year	-	26.86
Interest income received	21.50	41.23
<b>Net cash from/(used in) investing activities</b>	<b>(3,388.82)</b>	<b>(2,387.28)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from long term borrowings	600.00	-
Repayment of long term borrowings	(221.57)	(234.27)
Proceeds from short term borrowings	153.99	548.06
Dividend paid on equity shares ( including corporate dividend tax)	(378.54)	(378.54)
Interest Paid	(277.39)	(299.78)
Repayment of principal lease payment	(94.51)	-
Repayment of interest on lease liability	(42.15)	-
<b>Net cash used in financing activities</b>	<b>(260.17)</b>	<b>(364.53)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(882.62)</b>	<b>715.82</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>960.39</b>	<b>244.57</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>77.77</b>	<b>960.39</b>
Components of cash and cash equivalents		
Cash and cash equivalents		
Balances with banks:		
Current accounts	18.23	31.36
Fixed deposits account with a original maturity of less than three months	58.71	928.20
Cash on hand	0.83	0.83
<b>Net Cash and cash equivalents as at 31st March</b>	<b>77.77</b>	<b>960.39</b>

Note: The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind As) 7 statement of cash flows.

Summary of significant accounting policies	2
Contingent liabilities and commitments	26
Other notes on accounts	37

The accompanying notes are an integral part of the financial statements

**As per our report of even date**
**For and on behalf of the Board of Directors**
**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Registration No. 301003E/E300005

**PER AMIT CHUGH**

Partner

Membership no. 505224

**ROHIT RELAN**

Chairman and Managing Director

DIN 00257572

**RAJAT BHANDARI**

Sr. Vice President

(Strategic Planning)

Place : Gurugram

Dated : June 12, 2020

**RITU BAKSHI**

Company Secretary

**SANJEEV KUMAR**

Chief Financial Officer

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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020****1. Corporate information**

Bharat Seats Limited ('the company') is a public limited company domiciled in India and incorporated on March 06, 1986 under the provisions of Companies Act, 1956 having its registered office at 1, Nelson Mandela Road, Vasant Kunj, New Delhi 110070. The Company is listed on Bombay Stock Exchange Limited. The Company is a joint venture of Suzuki Motor Corporation- Japan, Maruti Suzuki India Ltd. and M/s Rohit Relan and Associates for the manufacture of complete seating system and interior component for the automotive and surface transport. The Company's manufacturing facilities are located at Gurugram and Manesar in Haryana. The financial statements were authorized by the board of directors for issue in accordance with resolution dated June 12, 2020.

**2. Significant accounting policies****2.1 Basis of preparation**

The financial statement of the Company has been prepared in accordance with the Indian accounting standards (Ind AS) notified under the Companies (Indian Accounting Standard), Rules 2015 (as amended from time to time) and presentation requirements of schedule III of the Companies Act, 2013.

These financial statements have been prepared under the historical cost convention on the accrual basis, and certain financial instruments are measured at fair value, as explained in accounting policies.

The preparation of financial statements in conformity with Ind AS, requires management to make estimates, judgments and assumptions that affects the application of accounting policies and reported amount of assets, liabilities, income and expenses and the disclosures of the contingent assets and liabilities at the date of financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to estimate is recognized prospectively in current and future periods.

The standalone financial statements have been prepared on a historical cost convention on an accrual basis except for certain financial instrument, financial assets and defined employee benefits plan, which have been measured at fair value.

Financial Statements are presented in INR and all values are rounded to nearest Lakhs (INR 00,000) except when otherwise stated.

**2.2 Property, plant and equipment**

Property, Plant and equipment including capital work in progress are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of CENVAT credit, VAT credit and GST credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The Company identifies and determines cost of each component/part of the assets separately, if the component/part has a cost which is significant to the total cost and has useful life that is materially different from that of remaining asset.

Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant and equipment has been provided as per Schedule II of Companies Act, 2013 on written down value method for assets purchased on or before 31<sup>st</sup> March 2005 and on straight line method for assets ready to use on or after 1<sup>st</sup> April 2005.

The useful lives are as follows:

**i. Electrical fittings**

Assets put to use	Method	Estimated useful life (years)	Useful life as per Companies Act, 2013 (years)
upto 31.03.2005	Written down value method	21	10
01.04.2005 onwards	Straight line method	21	10

**ii. Plant & machinery:**

Assets put to use	Method	Estimated useful life (years)	Useful life as per Companies Act, 2013 (years)
upto 31.03.2005	Written down value method	10	15
01.04.2005 onwards	Straight line method	21	15
01.04.2010 onwards - Tools & Dies	Straight line method	5	15
01.04.2010 onwards - Other plant & Machinery	Straight line method	8	15

**iii. Other assets:**

Nature	Method	Estimated useful life (years)	Useful life as per Companies Act, 2013 (years)
Furniture and Fixtures	Straight line method	10	10
Vehicles	Straight line method	8	8
Office Equipment	Straight line method	5	5
Computers	Straight line method	3 and 6	3 and 6
Building	Straight line method	30	30

Electrical fittings and plant & machinery has been depreciated over useful life different from life specified in Schedule II of Companies Act, 2013 based on the technical estimates made by the management, it believes that the useful lives as given above represent the period over which the assets are expected to be used.

Assets having value less than Rs. 5,000 are depreciated fully in the year of purchase.

**2.3 Intangible assets**

**Separately acquired intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development cost, are not capitalised and the related expenditure is reflected in statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**Research and Development cost**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Company can demonstrate all the following:

- i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- ii) Its intention to complete the asset;
- iii) Its ability to use or sale the asset;
- iv) How the asset will generate future economic benefits;
- v) The availability of adequate resources to complete the development and to use or sale the asset; and
- vi) The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is

available for use. It is amortised on straight line basis over the estimated useful life. During the period of development, the asset is tested for impairment annually.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives 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 is reviewed at least 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 is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful life are not amortized but tested for impairment by comparing its recoverable amount with its carrying amount annually and whenever there is an indication that the intangible assets may be impaired.

Gains or losses arising from disposal of the intangible 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 assets are disposed off.

Intangible assets with finite useful life are amortized on a straight line basis over their estimated useful life of 6 years with effect from April 01, 2017.

## 2.4 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. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The 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 Company's assets. Where the carrying amount of 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate

valuation model is used.

The Company's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For the remaining economic life of the asset or cash-generating unit (CGU), a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining economic life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

## 2.5 Leases

**As per Ind AS 17 applicable till year ended March 31, 2020**

### Company as a lessee

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term. 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.

### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.



Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

**As per Ind AS 116 applicable from April 01, 2019**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Assets	Useful
Leasehold improvements	Over the leasehold period

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (Impairment of non-financial assets).

**ii) Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its weighted average cost of debts as incremental borrowing rate as on April 1, 2019 because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset and corresponding adjustment to right to use assets

Extension and termination options are included in a number of property and equipment leases across the Company. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

**Short term leases and lease of low value assets**

The Company applies the short-term lease recognition exemption to its short term leases of property like nursing hostels i.e. those leases that have a lease term of twelve months or less from commencement date and do not contain a purchase option. Lease payment on short term leases are recognized as expenses on a straight-line basis over the term of the lease.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized as per the terms of lease agreement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent

rents are recognized as revenue in the period in which they are earned.

## 2.6 Foreign Currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian rupee (Rs.) which is also the Company's functional and presentation currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

### Measurement of foreign currency items at the balance sheet date

Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

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.

### Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognized as income or expense in the period in which they arise with the exception of exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded in so far as they relate to the acquisition of depreciable capital assets are shown by addition to/deduction from the cost of the assets as per exemption provided under IND AS 21 read along with Ind AS 101 appendix 'D' clause-D13AA.

## 2.7 Borrowing Costs

Borrowing cost includes interest and other costs incurred in connection with the borrowing of funds and charged to Statement of Profit & Loss on the basis of effective interest rate.

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 recognized as expense in the period in which they occur.

## 2.8 Inventories

### a. Basis of valuation:

Inventories are valued at lower of cost and net realizable value after providing cost of

obsolescence, if any. However, materials 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. The comparison of cost and net realizable value is made on an item-by-item basis.

### b. Method of valuation:

i.) **Cost of raw materials** has been determined by using first-in-first-out method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

ii.) **Cost of finished goods and work in progress** includes an appropriate share of production overheads based on normal operating capacity. Cost is determined on first-in-first-out method basis.

iii.) **Cost of traded goods** has been determined by using first-in-first-out method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

iv.) **Net realizable value** is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## 2.9 Cash and cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks and on hand and short term deposits, as defined above net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## 2.10 Employees Benefits

### i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liabilities are presented as

current employee benefit obligations in the balance sheet.

**ii) Other long-term employee benefit obligations**

**a) Gratuity**

The Employee's Gratuity Fund Scheme, which is defined benefit plan, is maintained with Life insurance Corporation. The liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date, based upon which the Company contributes to the Company Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds is provided for as assets/ (liability) in the books. 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 under Employee benefit expense in statement of profit or loss:

1. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
2. Net interest expense or income.

Remeasurements, 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. Remeasurements are not reclassified to profit or loss in subsequent periods.

**b) Provident fund**

Retirement benefits in the form of Provident fund / Pension Schemes are defined contribution schemes and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds become due. The Company has no obligation other than contribution payable to these funds.

**c) Compensated Absences**

Accumulated leaves which is expected to be utilized within next 12 months is treated as short term employee benefit. The Company measures the expected cost of

such absences as the additional amount that it expects to pay as a result of the unused entitlement and is discharge by the year end.

The Company treats accumulated leaves to be carried forward beyond 12 months as long term employee benefits for measurement purpose, such long term compensated absence are provided for based on actuarial valuation which is done as per projected unit credit method at year end.

**d) Voluntary retirement**

Expenses incurred on voluntary retirement of employees are charged off to the Statement of Profit & Loss in the year of occurrence.

**2.11 Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements 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 (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

## 2.12 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.

### i) Financial assets

The Company classified its financial assets in the following measurement categories:-

- Those to be measured subsequently at fair value (either through OCI or through profit & loss).
- Those measured at amortized cost.

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in 2.13 "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Debt instruments at amortised cost.
- ▶ Debt instruments at fair value through other comprehensive income (FVTOCI).
- ▶ Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).
- ▶ Equity instruments measured at fair value through other comprehensive income (FVTOCI).

The Company's financial assets are only classified as debt instruments at amortised cost.

#### Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- 1) Business model test : The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows (rather than to sell the instrument prior to its contractual maturity to released its fair value change), and
- 2) Cash flow characteristics test: Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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. EIR is the rate that exactly discount the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate to the gross carrying amount of financial assets. When calculating the effective interest rate the company estimate the expected cash flow by considering all contractual terms of the financial instruments. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

#### Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortized cost or FVTOCI, is classified as at FVTPL. A gain or loss on a

Debt instrument that is subsequently measured at FVTPL and is not a part of a hedging relationship is recognized in statement of profit or loss and presented net in the statement of profit and loss within other gains or losses in the period in which it arises. Interest income from these Debt instruments is included in other income.

#### **De recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either:
  - (a) the Company has transferred the rights to receive cash flows from the financial assets or
  - (b) the Company has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

#### **Impairment of financial assets**

In accordance with IND AS 109, the Company applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure.

- Financial assets measured at amortised cost; e.g. Loans, Security deposits, trade receivable, bank balance, other financial assets etc.

The Company follows "simplified approach" for recognition of impairment loss allowance on trade receivables. Under the simplified approach, the Company does not 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 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 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 Company reverts to recognizing impairment loss allowance based on 12- months ECL.

There is no significant credit risk in relation to financial assets including trade receivables.

#### **Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

#### **ii) Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. The Company financial liabilities include loans and borrowings including bank overdraft, trade payable, trade deposits, retention money and other payables.

The measurement of financial liabilities depends on their classification, as described below:

##### **Trade Payables**

These amounts represents liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are



unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using EIR method.

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

#### **Loans and borrowings**

Borrowings are initially recognised at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortised 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 amortization is included as finance costs in the statement of profit and loss.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

#### **2.13 Revenue from contract with customer**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

#### **Sale of goods**

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 60 days upon delivery.

The Company also considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

##### **i) Variable Consideration**

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts for the sale of goods provide price revision receivable from/payable to customers on account of change of commodity prices/purchase price and these prices escalations and descalsations give rise to variable consideration. Contract revenue includes price revision received/ receivable from customers and similarly, price revision for material purchased or payable to vendors has also been included in purchases.

##### **ii) Significant financing component**

Generally, the Company receives short-term advances from its customers. Using the

practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

#### **Contract balances**

##### **Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets for further reference.

##### **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

#### **Other revenue streams:**

##### **i) Interest Income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

##### **ii) Lease income**

Rental income arising from operating leases on property let out by the Company is accounted for on a straight-line basis over the lease terms and is included in other income in statement of profit and loss.

##### **iii) Rendering of services**

Revenue from service related activities is recognised as and when services are rendered and on the basis of contractual terms with the parties and is included in revenue in the statement of profit and loss under the head other income.

## **2.14 Taxes**

Tax expense for the year comprises of current tax and deferred tax (including MAT).

### **a) Current Tax**

- i. Current income tax, assets and liabilities are measured at the amount expected to be paid

to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

- ii. Current income tax relating to item recognised outside the statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or equity). Current tax items are recognised in correlation to the underlying transactions either in OCI or directly in equity. Management periodically evaluates position taken in the tax returns with respect to situation in which applicable tax regulations are subject to interpretations and establishes provisions wherever appropriate, if any.

### **b) Deferred Tax**

Deferred tax is provided using the balance sheet approach 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 assets and liabilities are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or direct in equity.

Deferred Tax includes Minimum Alternate Tax (MAT) recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. The Company



reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax asset and deferred tax liabilities are offset if a legally enforceable right exist to set off current tax asset against current tax liabilities.

### 2.15 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

### 2.16 Provisions and Contingent Liabilities

#### Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of 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. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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 recognised as a finance cost.

#### Contingent liabilities

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 is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in

the financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

### 2.17 Dividend distributions

The Company recognizes a liability to make payment of dividend to owners of equity when the distribution is authorized and is no longer at the discretion of the Company and is declared by the shareholders. A corresponding amount is recognised directly in equity.

### 2.18 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 realized or intended to be sold or consumed in normal operating cycle,
- Held primarily for purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for 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.

All other liabilities are classified as non-current.

Deferred tax assets and deferred tax liabilities are classified as non- current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### 3. Significant accounting judgements, estimates and assumptions:

The preparation of the Company’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and

estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### **Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

#### **a) Operating lease commitments – Company as lessor**

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, and that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

#### **b) Assessment of lease term:**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

#### **c) Revenue from contracts with customers**

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

##### **Determining method to estimate variable consideration and assessing the constraint**

Certain contracts for the sale of products include a right of price revision on account of change of commodity prices/purchase price that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Company determined that the most likely method is the appropriate method to use in estimating the variable consideration for the sale of products. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration

in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### **a) Property, plant and equipment**

The useful lives and residual values of property, plant and equipment are determined by the management based on technical assessment by the management. The Company believes that the derived useful life best represents the period over which the Company expects to use these assets.

#### **b) Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

#### **c) Gratuity benefit**

The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves

making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note 37 (a).

**d) Fair value measurement of financial instrument**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**e) Impairment of financial assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**f) Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for

similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are also relevant to other intangibles. During the year the Company has done the impairment assessment of non-financial assets and have concluded that there is no impairment in value of non-financial assets as appearing in the financial statements.

**g) Lease incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore its incremental borrowing rate (IBR) to measure lease liability. The IBR is the rate of interest that the Company would have to pay to borrow over similar term, and with a similar security, the fund necessary to obtain an asset of a similar value to the right of use assets in as similar economic environments. The IBR therefore effects what the Company "would have to pay" which requires estimates when no observable rates are available or when they need to be adjusted to reflect the term and conditions of the lease. The Company estimates the IBR using observable inputs such as market interest rates when available.

**4. New and amended standards**

The Company applied Ind AS 116 for the first time. The nature and effect of the changes as a result of adoption of new accounting standard are described below. Several other amendments and interpretations apply for the first time in April 1, 2019, but do not have an impact on the standalone financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

**A. Ind AS 116 – Leases**

On March 30, 2019, The Ministry of Corporate Affairs has notified Ind AS 116 Leases, which replaced existing Ind AS 17 Leases and related interpretations. Accordingly, the Company has applied Ind AS 116 Leases prospectively. Further, it has used the modified retrospective approach for transition to new accounting standard on the long terms leases as on April 01, 2019 (the date of transition) with right of use assets equivalent to lease liability on transition date. The standard sets

out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet. Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

In applying Ind-AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- i) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.

- ii) The accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases.
- iii) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- iv) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The cumulative effect of initially applying Ind AS 116 is recognized at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under Ind AS 17.

The effect of adoption of Ind AS 116 is as follows:

Impact on standalone balance sheet as at March 31, 2020 and April 1, 2019 (increase / (decrease)):

(Rs. in lakhs unless otherwise stated)

Particulars	Note	March 31, 2020	April 01, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Right of use assets	5(b)	577.31	687.26
<b>Total assets</b>		<b>577.31</b>	<b>687.26</b>
<b>Equity</b>			
<b>Other equity</b>			
Retained earnings		(11.55)	-
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities	18(a)	533.57	592.75
<b>Deferred tax liabilities (Net)</b>	20	(3.89)	
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities	18(b)	59.18	94.51
<b>Total equity and liabilities</b>		<b>577.31</b>	<b>687.26</b>

Impact on standalone statement of profit and loss for the year ended March 31, 2020 (increase/(decrease)):

(Rs. in lakhs unless otherwise stated)

Particulars	Note	March 31, 2020
<b>Income</b>		
Other income		-
<b>Total income</b>		-
<b>Expenses</b>		
Finance Costs	33	42.15
Depreciation and amortization expense	34	109.95
Other expenses	35	(136.66)

<b>Total expenses</b>		15.44
<b>Loss before tax</b>		15.44
<b>Tax expenses</b>		
Deferred Tax	20	(3.89)
<b>Loss after tax</b>		11.55

**B. Ind-AS 12 Appendix C, uncertainty over income tax treatment**

On March 30, 2019, The Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, uncertainty over income tax treatment. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- i) Whether an entity considers uncertain tax treatments separately.
- ii) The assumptions an entity makes about the examination of tax treatments by taxation authorities
- iii) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- iv) How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Company applies significant judgement in identifying uncertainties over income tax treatments.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions. The Company's tax filings in different jurisdictions include the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the standalone financial statements of the Company.



5(a) i) Property Plant &amp; Equipment and Intangible Assets: 2019-20 (Rs. in lakhs except as otherwise stated)

Particulars	Gross Carrying Value			Depreciation / Impairment			Net Carrying Value		
	Balance as at 1st April 2019	Additions	Disposals	Balance as at 31st March 2020	Balance as at 1st April 2019	Depreciation for the period	Disposals	Balance as at 31st March 2020	Balance as at 31st March 2019
Land Freehold	211.09	830.90	-	1,041.99	-	-	-	1,041.99	211.09
Land Leasehold	39.41	-	-	39.41	25.79	3.40	-	10.22	13.62
Buildings	6,881.96	40.43	-	6,922.39	1,545.24	225.47	-	5,151.68	5,336.72
Plant and Equipment	18,403.87	327.93	-	18,731.80	11,001.61	1,566.68	-	6,163.51	7,402.26
Furniture and Fixtures	207.46	1.29	-	208.75	139.01	11.78	-	57.96	68.45
Vehicles	186.27	12.49	3.07	195.69	82.43	18.80	1.99	96.45	103.84
Office equipment	143.07	4.15	7.46	139.76	84.17	16.75	3.86	42.70	58.90
Computers	254.20	15.44	10.25	259.39	165.78	33.99	9.44	69.06	88.42
Electrical Fittings	1,380.30	175.16	3.04	1,552.42	404.03	58.62	0.38	1,090.15	976.27
<b>A</b>	<b>27,707.63</b>	<b>1,407.79</b>	<b>23.82</b>	<b>29,091.60</b>	<b>13,448.06</b>	<b>1,935.49</b>	<b>15.67</b>	<b>13,723.72</b>	<b>14,259.57</b>
<b>RESEARCH &amp; DEVELOPMENT</b>									
Building	31.44	-	-	31.44	7.17	4.05	-	20.22	24.27
Plant and Equipment	1,392.52	0.48	-	1,393.00	696.64	130.81	-	827.45	695.88
Furniture and Fixtures	46.79	0.38	-	47.17	30.34	4.76	-	12.07	16.45
Office equipment	36.81	-	-	36.81	20.35	6.78	-	9.68	16.46
Computers	146.55	4.79	2.23	149.11	114.67	22.30	-	12.14	31.88
Electrical Fittings	17.49	-	-	17.49	7.58	0.76	-	8.34	9.91
<b>B</b>	<b>1,671.60</b>	<b>5.65</b>	<b>2.23</b>	<b>1,675.02</b>	<b>876.75</b>	<b>169.46</b>	<b>-</b>	<b>628.81</b>	<b>794.85</b>
<b>Total (A+B)</b>	<b>29,379.23</b>	<b>1,413.44</b>	<b>26.05</b>	<b>30,766.62</b>	<b>14,324.81</b>	<b>2,104.95</b>	<b>15.67</b>	<b>14,352.53</b>	<b>15,054.42</b>
<b>Intangible Assets</b>									
Software	110.76	9.90	-	120.66	56.85	14.19	-	49.62	53.91
<b>Research and Development</b>									
Software	97.65	0.63	-	98.28	31.51	16.64	-	50.13	66.14
<b>Total</b>	<b>208.41</b>	<b>10.53</b>	<b>-</b>	<b>218.94</b>	<b>88.36</b>	<b>30.83</b>	<b>-</b>	<b>99.75</b>	<b>120.05</b>
<b>Grand Total</b>	<b>29,587.64</b>	<b>1,423.97</b>	<b>26.05</b>	<b>30,985.56</b>	<b>14,413.17</b>	<b>2,135.78</b>	<b>15.67</b>	<b>14,452.28</b>	<b>15,174.47</b>

Note: Property, plant and equipment given as security.

Property, plant and equipment are subject to charge to secure the Company's secured long term borrowings as disclosed in note 17 and 21.





**5(a) ii) Property Plant & Equipment and Intangible Assets: 2018-19**

(Rs. in lakhs except as otherwise stated)

Particulars	Gross Carrying Value			Depreciation / Impairment			Net Carrying Value		
	Balance as at 1st April 2018	Additions	Disposals	Balance as at 31st March 2019	Balance as at 1st April 2018	Depreciation for the period	Disposals	Balance as at 31st March 2019	Balance as at 31st March 2018
Land Freehold	211.09	-	-	211.09	-	-	-	211.09	211.09
Land Leasehold	39.41	-	-	39.41	22.39	3.40	-	13.62	17.02
Buildings	6,820.83	61.13	-	6,881.96	1,325.68	219.56	-	5,336.72	5,495.15
Plant and Equipment	15,888.90	2,904.52	389.55	18,403.87	9,784.42	1,531.58	314.39	7,402.26	6,104.48
Furniture and Fixtures	192.73	14.73	-	207.46	125.67	13.34	-	68.45	67.06
Vehicles	189.84	11.39	14.96	186.27	67.31	21.53	6.41	103.84	122.53
Office equipment	112.54	31.34	0.81	143.07	68.06	16.80	0.69	58.90	44.48
Computers	193.62	60.58	-	254.20	135.57	30.21	-	88.42	58.05
Electrical Fittings	1,228.14	152.16	-	1,380.30	349.26	54.77	-	976.27	878.88
<b>A</b>	<b>24,877.10</b>	<b>3,235.85</b>	<b>405.32</b>	<b>27,707.63</b>	<b>11,878.36</b>	<b>1,891.19</b>	<b>321.49</b>	<b>14,259.57</b>	<b>12,998.74</b>
<b>RESEARCH &amp; DEVELOPMENT</b>									
Building	20.69	10.75	-	31.44	6.49	0.68	-	24.27	14.20
Plant and Equipment	978.71	413.81	-	1,392.52	589.67	106.97	-	695.88	389.04
Furniture and Fixtures	45.88	0.91	-	46.79	25.63	4.71	-	16.45	20.25
Office equipment	27.70	9.11	-	36.81	15.28	5.07	-	16.46	12.42
Computers	138.38	8.17	-	146.55	91.55	23.12	-	31.88	46.83
Electrical Fittings	13.74	3.75	-	17.49	6.99	0.59	-	9.91	6.75
<b>B</b>	<b>1,225.10</b>	<b>446.50</b>	<b>-</b>	<b>1,671.60</b>	<b>735.61</b>	<b>141.14</b>	<b>-</b>	<b>794.85</b>	<b>489.49</b>
<b>Total (A+B)</b>	<b>26,102.20</b>	<b>3,682.35</b>	<b>405.32</b>	<b>29,379.23</b>	<b>12,613.97</b>	<b>2,032.33</b>	<b>321.49</b>	<b>15,054.42</b>	<b>13,488.23</b>
<b>Intangible Assets</b>									
Software	106.38	4.38	-	110.76	44.41	12.44	-	53.91	61.97
<b>Research and Development</b>									
Software	96.14	1.51	-	97.65	15.03	16.48	-	66.14	81.11
<b>Total</b>	<b>202.52</b>	<b>5.89</b>	<b>-</b>	<b>208.41</b>	<b>59.44</b>	<b>28.92</b>	<b>-</b>	<b>120.05</b>	<b>143.08</b>
<b>Grand Total</b>	<b>26,304.72</b>	<b>3,688.24</b>	<b>405.32</b>	<b>29,587.64</b>	<b>12,673.41</b>	<b>2,061.25</b>	<b>321.49</b>	<b>15,174.47</b>	<b>13,631.31</b>

**5(b) Right of use assets 2019-20**

(Rs. in lakhs except as otherwise stated)

Particulars	Gross Carrying Value			Depreciation / Impairment			Net Carrying Value		
	Balance as at 1st April 2019	Additions	Disposals	Balance as at 31st March 2020	Balance as at 1st April 2019	Depreciation for the period	Disposals	Balance as at 31st March 2020	Balance as at 31st March 2019
Right of use assets	687.26	-	-	687.26	-	109.95	-	577.31	-
<b>Total</b>	<b>687.26</b>	<b>-</b>	<b>-</b>	<b>687.26</b>	<b>-</b>	<b>109.95</b>	<b>-</b>	<b>577.31</b>	<b>-</b>



**NOTES TO FINANCIAL STATEMENTS**
**6 Capital work in progress**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
Capital work in progress		
Opening cost	43.18	1,316.17
Additions during the year	2,211.87	43.18
Deduction and adjustment during the year	(43.18)	(1,316.17)
	<b>2,211.87</b>	<b>43.18</b>

**7 Non-current financial assets (valued at amortised cost)**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
<b>(Unsecured, considered good)</b>		
<b>Loans:</b>		
Security deposits	78.68	96.07
	<b>78.68</b>	<b>96.07</b>

**8 Other non current assets**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
<b>(Unsecured, considered good)</b>		
Capital advances	35.98	12.31
	<b>35.98</b>	<b>12.31</b>

**9 Non-current tax assets (net)**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
Advance Tax (net of provisions and tax deducted at source)	627.14	532.56
	<b>627.14</b>	<b>532.56</b>

**10 Inventories**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
<b>(Valued at lower of cost and net realisable value unless otherwise stated)</b>		
Raw materials and components * (including lying with third party Rs. 37.14 lakhs (31st March 2019 Rs. 27.55 lakhs), fixtures and moulds of Rs. 285.09 lakhs (31st March 2019- Rs.66.08 lakhs) and Goods in transit of Rs. 1.61 lakhs (31st March 2019 - Nil))	1,472.64	1,541.32
Work-in-progress	82.52	122.53
Finished goods	248.16	303.12
Stores and spares	242.56	219.46
Traded Goods	11.24	2.45
Scrap materials	0.35	0.25
	<b>2,057.47</b>	<b>2,189.13</b>

Note:

\*Inventories are hypothecated with the bankers against working capital limits ( Refer note 17, 21 and 23)

**11 Trade receivables**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
<b>(Unsecured)</b>		
Trade Receivable- considered good	3,609.22	7,780.89
	<b>3,609.22</b>	<b>7,780.89</b>

Note:

- a) Trade Receivables are interest bearing. Credit period generally falls in the range of 30 to 60 days.  
b) Due from related parties Rs. 3,577.99 lakhs ( 31st March 2019: Rs 7,771.00 lakhs) refer note 37 (d)

**12 Cash and cash equivalents**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
Balance with banks:		
Current accounts	18.23	31.36
Cash on hand	0.83	0.83
Fixed Deposits account with an original maturity of less than three months	58.71	928.20
	<b>77.77</b>	<b>960.39</b>

Note: There are no restrictions with regard to cash and cash equivalents at the end of the current and previous year.

**13 Other bank balances**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
Fixed Deposits account with an original maturity of more than twelve months but remaining maturity less than twelve months	21.10	19.80
Unclaimed dividend accounts*	22.13	22.51
	<b>43.23</b>	<b>42.31</b>

\* The company can utilise the balance towards settlement of unclaimed dividend.

**14 Other current assets**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
<b>(Unsecured, considered good)</b>		
Advances given to suppliers	64.90	93.27
<b>Others</b>		
Balance with statutory / government authorities	169.22	262.12
Prepaid expenses	165.08	81.17
Interest accrued	-	12.86
	<b>399.20</b>	<b>449.42</b>

**15 Equity**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
	Amount	Amount
<b>(a) Equity Share Capital</b>		
<b>Authorised</b>		
3,50,00,000 Equity Shares of Rs. 2/- each (31st March 2019: 3,50,00,000 Equity Shares of Rs. 2/- each)	700.00	700.00
<b>Issued ,subscribed &amp; fully paid-up</b>		
3,14,00,000 Equity Shares of Rs. 2/- each (31st March 2019: 3,14,00,000 Equity Shares of Rs. 2/- each)	628.00	628.00

(b) **Reconciliation of the shares outstanding at the beginning and at the end of the year**

	As at 31st March 2020		As at 31st March 2019	
	No. of shares	Amount in lakhs	No. of shares	Amount in lakhs
At the beginning of the year	3,14,00,000	628.00	3,14,00,000	628.00
Add: Equity shares issued	-	-	-	-
	<b>3,14,00,000</b>	<b>628.00</b>	<b>3,14,00,000</b>	<b>628.00</b>

(c) **Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 2/- per share ( 31st March 2019 : Rs 2/- per share). Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

(d) **Details of Shareholders holding more than 5% shares in the Company is set out below (representing legal and beneficial ownership):**

(Rs. in lakhs except as otherwise stated)

Name of Shareholders	As at 31st March 2020		As at 31st March 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Maruti Suzuki India Limited	46,50,000	14.81	46,50,000	14.81
Suzuki Motor Corporation, Japan	46,50,000	14.81	46,50,000	14.81
Sharda Motor Industries Ltd. (refer note 37 (k))	90,00,000	28.66	90,00,000	28.66
	<b>1,83,00,000</b>	<b>58.28</b>	<b>1,83,00,000</b>	<b>58.28</b>

**16 Other equity**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
<b>(a) General reserve</b>		
Balance as at the beginning of the year	3,950.73	3,950.73
Transfer from statement of profit & loss	-	-
	<b>3,950.73</b>	<b>3,950.73</b>
<b>(b) Retained earnings</b>		
Balance as at the beginning of the year	5,877.16	4,097.32
Net profit for the year	1,251.89	2,142.05
<b>Items of other comprehensive income recognised directly in retained earnings</b>		
Remeasurements of post employment benefit obligation, net of tax	1.41	16.33
<b>Dividends</b>		
Final dividend of Re. 1/- per share ( 31st March, 2019 Re. 1/- per share)	(314.00)	(314.00)
Corporate dividend tax paid on final dividend	(64.54)	(64.54)
	<b>6,751.92</b>	<b>5,877.16</b>
	<b>10,702.65</b>	<b>9,827.89</b>

**17 Borrowings**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
<b>Secured</b>		
Term loans -from banks	128.12	347.75
<b>Unsecured</b>		
Loans from related parties ( refer note 37 ( d))	2,260.00	1,660.00
	<b>2,388.12</b>	<b>2,007.75</b>

**17.1 The requisite particulars in respect of secured borrowings are as under:**

	As at 31st March 2020	As at 31st March 2019	Particulars of security / guarantees /terms of repayment / default
<b>Loan - Yes Bank Limited ( INR Loan)</b>			<b>Particulars of security</b>
Balance outstanding	350.91	572.48	First pari passu charge on all movable fixed assets (excluding those which are exclusively charge to other lenders) both present and future.  Equitable mortgage on factory land and building located at Borakalan.
Current maturity	222.79	224.73	
Non - current amount	128.12	347.75	
			<b>Terms of repayment</b>
			Period of loan is 60 months(Including 6 months moratorium period), sanctioned on 04.01.2016, repayable in 54 equal monthly instalments commencing from 23.05.2017.
			Rate of interest is at one year MCLR, present rate 10.15% per annum.
<b>Total</b>	<b>128.12</b>	<b>347.75</b>	

**17.2 The requisite particulars in respect of unsecured borrowings are as under:**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019	Particulars of terms of repayment / default/ rate of interest
<b>Loans from related parties</b>			Repayable by the year 2024. Rate of interest is @ 8.65% per annum.
-Loan from directors			
Balance outstanding	2,260.00	1,660.00	
Current maturity	-	-	
Non - current amount	2,260.00	1,660.00	
<b>Total</b>	<b>2,260.00</b>	<b>1,660.00</b>	

**Loan covenants**

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net borrowings to EBITDA ratio, debt tangible net worth ratio and debt service coverage ratio. The Company has satisfied all debt covenants prescribed in the terms of bank loan.

The other loans do not carry any debt covenant.

**18(a) Non- current lease liabilities**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
Non-current lease liability (refer note 4 and 37(i))	533.57	-
	<b>533.57</b>	<b>-</b>

**18(b) Current lease liabilities**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
Current lease liability (refer note 4 and 37(i))	59.18	-
	<b>59.18</b>	-

**19 Non- Current provisions**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
<b>Provision for employee benefits</b>		
Gratuity (refer note 37 (a))	68.42	20.15
Leave encashment (refer note 37 (b))	162.37	178.13
	<b>230.79</b>	<b>198.28</b>

**20 Income Taxes**

(Rs. in lakhs except as otherwise stated)

a)	<b>Income Tax expense in the statement of profit and loss comprises:</b>	As at 31st March 2020	As at 31st March 2019
	Current income tax charge	474.43	831.76
	Adjustment of tax relating to earlier years	11.29	5.64
	<b>Deferred Tax</b>		
	Relating to origination and reversal of timing differences	(515.61)	142.94
	Income tax expense reported in the statement of profit and loss	(29.89)	980.34
b)	<b>Other comprehensive income</b>		
	Tax on Re-measurement gain/(losses) on defined benefit plans	(0.48)	(8.77)
	Income tax related to items recognised in OCI during the year	(0.48)	(8.77)
c)	<b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:</b>		
	Accounting profit before tax	1,222.00	3,122.39
	Applicable tax rate	25.168%	34.944%
	Computed tax expense	307.55	1,091.09
	Additional allowances for tax purpose	-	(137.90)
	Expense not allowed for tax purpose	16.19	21.51
	Difference in tax rate	(364.92)	-
	Tax Relating to earlier year	11.29	5.64
	Income tax charged to Statement of Profit and loss at effective rate	(29.89)	980.34

(d)	Deferred tax relates to the following:	As at 31st March 2020	As at 31st March 2019	for the year ended 31st March 2020	for the year ended 31st March 2019
	<b>Deferred tax assets on account of :</b>				
	Effect of expenditure debited to statement of profit and loss in the current year but allowed for tax purposes in following years	54.40	81.99	(27.59)	13.85
	Difference in right on use assets and lease liability	3.89	-	3.89	-
	<b>Total deferred tax assets</b>	<b>58.29</b>	<b>81.99</b>	<b>(23.70)</b>	<b>13.85</b>
	<b>Deferred tax liabilities on account of :</b>				
	Differences in depreciation in block of fixed assets as per tax books and financial books	847.07	1,386.38	(539.31)	156.79
	<b>Total deferred tax liabilities</b>	<b>847.07</b>	<b>1,386.38</b>	<b>(539.31)</b>	<b>156.79</b>
	<b>Total deferred tax liabilities (net)</b>	<b>788.78</b>	<b>1,304.39</b>	<b>(515.61)</b>	<b>142.94</b>

(e)	Reconciliation of deferred tax liabilities (net)	As at 31st March 2020	As at 31st March 2019
	Opening balance	1,304.39	1161.45
	Tax expense (credits) during the year recognised in Statement to profit and loss	(515.61)	142.94
	Tax expense (credits) during the year recognised in OCI	-	-
	<b>Closing balance as at 31st March</b>	<b>788.78</b>	<b>1,304.39</b>

Note : During the year the company has paid dividend to its shareholders for the year ended 31st March, 2019. This has resulted in payment of corporate dividend tax (CDT) to the taxation authorities. The Company believes that CDT represents additional payment to taxation authority on behalf of the shareholders. Hence CDT paid is charged to equity.

The Taxation Laws (Amendment) Ordinance 2019, has introduced a new taxation regime for domestic companies and has inserted section 115BAA in the Income Tax Act 1961, providing benefit of reduced corporate tax of 22% plus surcharge & cess subject to certain applicable conditions. The newly inserted provision is effective from April 01, 2019 onwards and can be opted for, on or before the due date of filing of return of income tax by the Company. The management basis its estimate of future tax obligation choose to opt for the reduced corporate tax rate for the current year.

## 21 Short Term Borrowings

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
<b>Secured</b>		
Working capital loan	776.45	622.46
	<b>776.45</b>	<b>622.46</b>



The requisite particulars in respect of secured borrowings are as under:

(Rs. in lakhs except as otherwise stated)

Particulars	As at 31st March 2020	As at 31st March 2019	Particulars of security / guarantees /terms of repayment / default
<b>Working Capital Loan from banks</b>			
- Loan from Yes Bank at 03 months MCLR, Present rate 9.80% per annum.	95.99	484.94	<b>1) Yes Bank Ltd : - Sanctioned amount of Rs. 17,60,00,000/-</b> <b>Particulars of Security:</b> First pari-passu charge on all current assets both present and future Second pari-passu charge on all fixed assets.
- Loan from HDFC Bank at 01 year MCLR, Present rate 9.65% per annum.	680.46	137.52	
	<b>776.45</b>	<b>622.46</b>	<b>2) HDFC Bank Ltd : - Sanctioned amount of Rs. 17,60,00,000/-</b> <b>Particulars of Security:</b> i) Pari-passu first charge by way of hypothecation on entire stocks of raw materials, semi-finished goods, stores and spares, bill receivables, book debts and all movable and other current assets of the Company. ii) Pari-passu second charge with HDFC bank limited by way of equitable mortgage of land and building at Borakalan, Haryana. iii) Pari-passu second charge on all moveable fixed assets.

**Change in liabilities arising from financing activities**

(Rs. in lakhs except as otherwise stated)

	1st April 2019	Cash flows	Others	31st March 2020
Non-current borrowings including current maturities (refer note 17 and 23)	2,232.48	101.04	277.39	2,610.91
Current Borrowings (refer note 21)	622.46	153.99	-	776.45
Dividend payable	-	(378.54)	378.54	-
Lease Liability	687.27	(94.51)	-	592.76
<b>Total</b>	<b>3,542.21</b>	<b>(218.02)</b>	<b>655.93</b>	<b>3,980.12</b>
	1st April 2018	Cash flows	Others	31st March 2019
Non-current borrowings including current maturities (refer note 17 and 23)	2,468.06	(534.05)	298.47	2,232.48
Current Borrowings (refer note 21)	74.40	548.06	-	622.46
Dividend payable	-	(378.54)	378.54	-
<b>Total</b>	<b>2,542.46</b>	<b>(364.53)</b>	<b>677.01</b>	<b>2,854.94</b>

The 'Others' column includes the effect of interest accrued on borrowings and dividend declared during the year.

**22 Trade payables**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
Dues of Micro and small enterprises (refer below note)	446.11	1,489.58
Dues of other than Micro and small enterprises	6,792.76	10,546.67
	<b>7,238.87</b>	<b>12,036.25</b>

\* Trade Payables include due to related parties Rs 984.63 lakhs ( 31st March 2019: Rs 1260.80 lakhs) refer note 37 (d)

\* Trade Payables are unsecured and usually paid within 60 days of recognition.

\* Trade Payables are usually non-interest bearing.

**Disclosure under MSMED Act**

Information as required to be furnished as per section 22 of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for year ended 31st March, 2020 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

	As at 31st March 2020	As at 31st March 2019
i) Principal amount remaining unpaid to any supplier covered under MSMED Act (refer note 22 & 23)	502.10	1,502.40
ii) Interest due remaining unpaid to any supplier covered under MSMED Act	Nil	Nil
iii) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
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 MSMED Act.	Nil	Nil
v) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	10.35
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 under section 23 of the MSMED Act, 2006	Nil	Nil

**Note:** The total dues of Micro and Small Enterprises which were outstanding for more than stipulated period are Rs. Nil (31st March 2019: Rs. 536.04 Lakhs)

**23 Other financial liabilities**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
Current maturities of long-term borrowings (refer note 17)	222.79	224.73
Unpaid dividends ( refer note (a))	22.13	22.51
<b>Other Payables</b>		
Creditors for capital goods - Micro and small enterprises	55.99	12.82
Creditors for capital goods - other than Micro and small enterprises	369.82	207.94
Security deposit	0.50	4.84
	<b>671.23</b>	<b>472.84</b>

(a) Investor Education and Protection Fund is being credited by the amount of unclaimed dividend after seven years from the due date. The Company has transferred Rs.2.46 lakhs ( 31st March, 2019 Rs.2.36 lakhs) out of unclaimed dividend pertaining to the financial year 2011-2012 to Investor Education and Protection Fund of Central Government in accordance with the provisions of section 125 of the Companies Act, 2013.

**24 Other current liabilities**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
Others		
Statutory dues payable	88.15	116.99
Advance from customers	17.08	15.88
	<b>105.23</b>	<b>132.87</b>

**25 Current provisions**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
<b>Provision for employee benefits</b>		
Gratuity (refer note no. 37 (a))	2.59	2.62
Leave encashment (refer note no. 37 (b))	44.69	47.38
	<b>47.28</b>	<b>50.00</b>

**26 Contingent liabilities & commitments**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2020	As at 31st March 2019
<b>(A) Contingent liabilities ( to the extent not provided for)</b>		
(a) Claims against the company not acknowledged as debt		
i) Excise duty (refer note (a) below)	255.89	255.89
ii) Labour cases (refer note (b) below)	126.29	117.37
	<b>382.18</b>	<b>373.26</b>
<b>(B) Commitments</b>		
Estimated amount of contracts remaining to be executed :		
a) Capital commitments (net of advance)	501.73	58.02
b) Other commitments (net of advance)	118.79	302.98
	<b>620.52</b>	<b>361.00</b>

a) Contingent liability with respect to item (i) above represents disputed excise demands pertaining to various years ranging from 1996-1997 to 2005-2006. All these matters are pending with appellate authorities and the company believes that it has merit in these cases and more likely than not the company will succeed in these cases. The company is contesting these demands and the management, including its tax advisors, believe that its position will likely to be upheld in the appellate process and accordingly no provision has been accrued in the financial statements for the demand raised.

b) The Company has suspended few workmen in the year 2002 for misconduct and instigating other workmen to give less production including himself. The Company has adhered to all the stipulated process as is desired by statute, mainly the Industrial Dispute Act and The Payment of Wages Act. The workmen has raised a demand notice and state government has raised the dispute to Industrial Tribunal cum Labour court. The tribunal has passed order in favour of workmen with reinstatement with back wages. The Company has filed a Writ in the Punjab and Haryana High court in Chandigarh for grant of stay and the same has been granted on 08th August, 2018. The Company is contesting the demands and the management, including its legal advisors, believe that its position will likely to be upheld in the honourable High Courts and accordingly no provision has been accrued in the financial statements for the demand raised.

The management believes that the ultimate outcome of these proceeding will not have a material adverse effect on the Company's financial position and results of operations.

c) There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28th February, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The Company is evaluating and seeking legal inputs regarding various interpretative issues and its impact.

**(C) For Commitment relating to leases, refer note 37(g).**

**(D) Undrawn committed borrowing facility**

(a) The company has undrawn cash credit facility of Rs. 1,664.01 lakhs from Yes bank Ltd and Rs. 1,079.54 lakhs from HDFC Bank Limited as on 31st March 2020. {refer note no. 21}.

**27 Revenue from operations**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2020	Year Ended 31st March 2019
Revenue from contract with Customers		
a) Sale of products	58,776.22	90,242.21
b) Other operating revenues		
Scrap sales	81.25	114.64
<b>Revenue from operations (a+b)</b>	<b>58,857.47</b>	<b>90,356.85</b>

**27.1 Disaggregated revenue information**

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Type of goods		
Seating system	53,147.98	83,008.21
Carpets	1,083.35	1,591.86
Extrusions	1,342.18	1,695.71
Others	3,202.71	3,946.43
<b>Total revenue from contracts with customers</b>	<b>58,776.22</b>	<b>90,242.21</b>

**27.2 Contract balances**

Trade receivables	3,609.22	7,780.89
Contract liabilities	17.08	15.88

Trade Receivables are interest bearing. Credit period generally falls in the range of 30 to 60 days.

Contract liabilities consist of short-term advances received from customer to supply goods.

**27.3 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price**

Revenue as per contracted price	58,870.27	90,394.48
<b>Adjustments</b>		
Sales return	(12.80)	(37.63)
Revenue from contracts with customers	58,857.47	90,356.85

**27.4 Performance obligation**

The performance obligation is satisfied upon delivery of the equipment to the customer and payment is generally due within 30 to 60 days from delivery.

**28 Other income**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2020	Year Ended 31st March 2019
<b>Interest received on financial assets carried at amortised cost:</b>		
Bank deposits	9.94	53.72
Others	17.13	4.42
<b>Other non-operating income</b>		
Management Consultancy Income	17.29	36.97
Rental Income	43.40	35.68
Excess provision no longer required written back	66.33	359.72
Miscellaneous Income	54.32	37.03
	<b>208.41</b>	<b>527.54</b>

**29 Cost of materials consumed**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2020	Year Ended 31st March 2019
Inventory at the beginning of the year	1,541.32	2,227.13
Add: Purchases	45,899.50	74,013.61
Less: Inventory at the end of the year	1,472.64	1,541.32
	<b>45,968.18</b>	<b>74,699.42</b>

**30 Purchase of traded goods**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2020	Year Ended 31st March 2019
Purchases	31.12	36.87
	<b>31.12</b>	<b>36.87</b>

**31 Changes in inventories of finished goods, work-in-progress and traded goods**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2020	Year Ended 31st March 2019
<b>Inventory at the beginning of the year</b>		
Finished goods	303.12	215.48
Work in progress	122.53	100.14
Traded Goods	2.45	4.26
Scrap materials	0.25	0.50
	<b>428.35</b>	<b>320.38</b>
<b>Inventory at the end of the year</b>		
Finished goods	248.16	303.12
Work-in-progress	82.52	122.53
Traded Goods	11.24	2.45
Scrap materials	0.35	0.25
	<b>342.27</b>	<b>428.35</b>
<b>Changes in inventories of finished goods, work-in-progress and traded goods ((Increase) / Decrease)</b>	<b>86.08</b>	<b>(107.97)</b>

**32 Employee benefits expense**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2020	Year Ended 31st March 2019
Salaries, wages, bonus and other benefits	2,788.45	2,719.83
Contributions to provident and other funds	164.83	170.38
Gratuity expense (refer note No. 37 (a))	50.13	47.87
Staff welfare expenses	164.08	200.56
	<b>3,167.49</b>	<b>3,138.64</b>

**33 Finance costs**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2020	Year Ended 31st March 2019
Interest on debts & borrowings	277.39	280.13
Interest on others	-	18.34
Interest on lease liability	42.15	-
Bank charges	2.87	3.63
	<b>322.41</b>	<b>302.10</b>

**34 Depreciation and amortization expenses**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2020	Year Ended 31st March 2019
Depreciation of tangible assets (refer note 5(a))	2,104.95	2,032.33
Depreciation on right of use assets (refer note 5( b))	109.95	-
Amortization of intangible assets (refer note 5(a))	30.83	28.92
	<b>2,245.73</b>	<b>2,061.25</b>

**35 Other expenses**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2020	Year Ended 31st March 2019
Power and fuel	933.84	1,385.93
Rent	4.57	134.99
Repair and maintenance:		
Buildings	32.50	63.87
Plant and machinery	345.21	474.96
Others	17.75	16.86
Insurance	52.09	37.15
Research and development expenses	365.64	341.28
Consumption of stores and spares	195.96	256.44
Payment to Auditors		
As Auditors:		
Audit Fee	32.33	30.50
Reimbursement of expenses	2.25	2.21
Loss on sale/discard of property, plant and equipment	9.42	68.59
Contribution towards Corporate Social Responsibility (CSR) (refer note no. 37 (e))	61.03	47.00
Factory expenses	2,285.20	2,949.11
Legal and professional expenses	383.34	403.26
Technical know how fees and royalty	139.00	136.99
Travelling and conveyance	305.86	334.95
Miscellaneous expenses	856.88	947.60
	<b>6,022.87</b>	<b>7,631.69</b>

**36 Earnings per equity shares**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2020	Year Ended 31st March 2019
<b>a) Basic Earnings per share</b>		
Numerator for earnings per share		
Profit after taxation	1,251.89	2,142.05
Denominator for earnings per share		
Weighted number of equity shares outstanding during the year (Nos.)	3,14,00,000	3,14,00,000
Earnings per share- Basic (one equity share of Rs. 2/- each) Rs.	3.99	6.82



<b>b) Diluted Earnings per share</b>		
Numerator for earnings per share		
Profit after taxation	<b>1,251.89</b>	<b>2,142.05</b>
Denominator for earnings per share		
Weighted number of equity shares outstanding during the year (Nos.)	<b>3,14,00,000</b>	3,14,00,000
Earnings per share- Diluted (one equity share of Rs. 2/- each) Rs.	<b>3.99</b>	<b>6.82</b>

Note: There are no instruments issued by the Company which have effect of dilution of basic earning per share.

### 37. OTHER NOTES TO ACCOUNTS

- a. Disclosures pursuant to Ind AS-19 "Employee Benefits" (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are given below :

**Contribution to Defined Contribution Plan, recognised as expense for the year is as under:**

(Rs. In Lakhs except as otherwise stated)

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Provident fund/ other employees fund	164.83	170.38	144.99	109.74	94.87

#### Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded with the Life Insurance Corporation of India in the form of a qualifying insurance policy.

The Company has also provided for leave encashment which is unfunded.

The following tables summarize the components of net benefit expense recognised in the other comprehensive income in the statement of the profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

- i) **Net defined benefit expense (recognised in the statement of profit and loss for the year)**

(Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2020	As At 31st March 2019
Opening defined benefit obligation	368.03	334.01
Current Service Cost	48.43	41.77
Interest Cost	27.59	24.72
Remeasurement (gains)/ losses	(2.61)	(20.61)
Benefits paid	(20.74)	(11.86)
<b>Closing defined benefit obligation</b>	<b>420.70</b>	<b>368.03</b>

- ii) **Reconciliation of opening and closing balances of fair value of plan assets**

(Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2020	As At 31st March 2019
	345.26	251.56
<b>Fair value of plan assets at the beginning of the year</b>		
Interest income	25.89	18.62
Remeasurement gain /(loss): -Return on plan assets (expected amounts included in net interest expense)	(0.72)	4.49
Contributions from the employer	-	82.45
Benefits paid	(20.74)	(11.86)
<b>Closing fair value of plan assets</b>	<b>349.69</b>	<b>345.26</b>

**iii) Net defined benefit asset/(liability) recognized in the balance sheet**

(Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2020	As At 31st March 2019
Present value of defined benefit obligation	420.70	368.03
Fair value of plan assets	349.69	345.26
<b>Amount recognised in Balance Sheet-Asset/ (Liability)</b>	<b>(71.01)</b>	<b>(22.77)</b>

**iv) Net defined benefit expense (recognised in the Statement of Profit and loss for the year)**

(Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2020	As At 31st March 2019
Current service cost	48.43	41.77
Interest cost on benefit obligation	1.70	6.10
<b>Defined Benefit Cost recognised in statement of Profit or Loss</b>	<b>50.13</b>	<b>47.87</b>

**v) Re- measurement (gain)/ loss recognized in Other Comprehensive Income**

(Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2020	As At 31st March 2019
Return on plan assets (excluding amount included in net interest expense)	0.72	(4.49)
Actuarial (gains)/ losses arising from changes in demographic assumption	0.09	-
Actuarial (gains)/ losses arising from changes in financial assumptions	29.27	(2.66)
Actuarial (gains)/ losses arising from experience adjustments	(31.97)	(17.95)
Defined benefit costs recognised in other comprehensive income	(1.89)	(25.10)

**vi) Broad categories of plan assets as a percentage of fair value of total plan assets**

(Rs. in lakhs except as otherwise stated)

Particulars	Gratuity
Insured with LIC	100.00%

**vii) Principal assumptions used in determining defined benefit obligation**

(Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2020	As At 31st March 2019
Discount rate	6.20%	7.50%
Rate of increase in compensation	9.00%	9.00%
Average outstanding service of employees upto retirement (years)	23.16	24.59

**viii) Quantitative sensitivity analysis for significant assumptions is as below:**

(Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2020	As At 31st March 2019
<b>Change in discount rate</b>		
Decrease in defined benefit obligation due to 1% increase in discount rate	22.89	18.32
Increase in defined benefit obligation due to 1% decrease in discount rate	25.70	20.35

<b>Change in salary escalation</b>		
Increase in defined benefit obligation due to 1% increase in expected salary escalation rate	23.00	18.76
Decrease in defined benefit obligation due to 1% decrease in expected salary escalation rate	21.90	17.67

Changes in defined benefit obligation due to 1% increase/decrease in mortality rate, if all other assumptions remains constant is negligible.

**ix) Maturity profile of defined benefit obligation (Rs. in lakhs except as otherwise stated)**

<b>Particulars</b>	<b>As At 31st March 2020</b>	<b>As At 31st March 2019</b>
(i) Weighted average duration of the defined benefit obligation	<b>9 years</b>	<b>9 years</b>
Within next 12 months	46.53	33.85
Between 2 to 5 years	200.93	176.02
Above 5 years	173.24	158.15
<b>Total</b>	<b>420.70</b>	<b>368.02</b>
(ii) Duration of defined benefit payments		
Within next 12 months	47.95	35.10
Between 2 to 5 years	237.82	216.96
Above 5 years	366.93	353.08
<b>Total</b>	<b>652.70</b>	<b>605.14</b>

**x) Enterprise best estimate of contribution during next year**

(Rs. in lakhs except as otherwise stated)

<b>Particulars</b>	<b>As At 31st March 2020</b>	<b>As At 31st March 2019</b>
Enterprise best estimate of contribution during next year	52.45	42.22

**xi)** The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

**xii)** Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

**xiii)** The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefits obligation as a result of reasonable changes in key assumption occurring at the end of the reporting period.

**xiv)** The plan assets are maintained with Life Insurance Corporation of India (LIC).

**b. Leave Encashment (Unfunded)**

The Company recognizes the leave encashment expenses in the Statement of Profit and loss based on actuarial valuation.

The expenses recognized in the Statement of Profit and loss and the leave encashment liability at the beginning and at the end of the year

(Rs. in lakhs except as otherwise stated)

<b>Particulars</b>	<b>As At 31st March 2020</b>	<b>As At 31st March 2019</b>
Liability at the beginning of the year	225.51	185.87
Benefits paid during the year	(40.16)	(31.20)
Provided during the year	21.71	70.84
Liability at the end of the year	<b>207.06</b>	<b>225.51</b>

**c. Operating segment information**

The Company has only one reportable business segment as it manufactures and deals only in different seating systems, carpet etc. in terms of Ind AS 108 "Operating Segment". Further, the Company operates only in one geographical segment -India. All the assets of the Company are located in India. The chief operating officer and chief financial officer (chief operating decision maker) monitors the operating results as one single segment for the purpose of making decisions about resource allocation and performance assessment. Hence, the disclosure requirements of the standard are not considered.

The revenue from external customer includes revenue from two customers which is equal to 10% or more of entity's revenue amounts to Rs. 58,322.02 lakhs (31<sup>st</sup> March, 2019: Rs. 82,311.16 lakhs).

**d. Related party transactions**

The related parties as per the terms of Ind AS-24,"Related Party Disclosures", (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015 as amended from time to time) are disclosed below:-

**A. Names of related parties and description of relationship:**

	Nature of relationship	Names of related parties
i)	Entities with joint control or significant influence over the Company	Maruti Suzuki India Limited Suzuki Motor Corporation, Japan. Sharda Motor Industries Limited [refer note no. 37(k)]
ii)	Key management personnel	Mr. Rohit Relan–Chairman and Managing Director Mr. Rishabh Relan – Chief Operating Officer Mr. Ayush Relan- Assistant Chief Operating Officer Mr. Pranav Relan-Assistant Chief Operating Officer Mr. Sanjeev Kumar - Chief Financial Officer Ms. Ritu Bakshi-Company Secretary
iii)	Relatives of key management personnel	Mr. Ajay Relan – Brother of Mr. Rohit Relan Mrs. Sharda Relan -Mother of Mr. Rohit Relan Mrs. Ritu Relan -Wife of Mr. Rohit Relan
iv)	Enterprises over which entities referred in (i) above is able to exercise significant influence	Toyota Boshoku Relan India Private Limited Suzuki Motorcycle India Private Limited Suzuki Motor Gujarat Private Limited Toyo Sharda India Pvt. Ltd.

**B. Transactions during the year: (Rs. In Lakhs except as otherwise stated)**

Particulars	2019-20	2018-19
<b>i) Sale of products</b>		
<b>Entities with joint control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	50,951.23	82,311.16
Sharda Motor Industries Ltd.	0.87	97.73
<b>Enterprises over which entities referred to in (i) above is able to exercise significant influence</b>		
Suzuki Motorcycle India Pvt. Ltd.	7,370.79	7,208.73
Suzuki Motor Gujarat Pvt. Ltd.	359.25	419.45
Toyo Sharda India Pvt. Ltd.	78.77	278.25
	<b>58,760.91</b>	<b>90,315.32</b>

Particulars	2019-20	2018-19
<b>ii) Purchases of Material, traded goods (Inclusive of all taxes)</b>		
<b>Entities with joint control or significant influence over the Company</b>		
Sharda Motor Industries Ltd.	8,060.07	23,362.96
Maruti Suzuki India Ltd	159.85	287.34
<b>Enterprises over which entities referred to in (i) above is able to exercise significant influence</b>		
Toyo Sharda India Pvt. Ltd. (net of reimbursement of expenses)	4,706.79	2,273.55
	<b>12,926.71</b>	<b>25,923.85</b>
<b>iii) Other Income:</b>		
<b>a) Rental Income:</b>		
<b>Enterprises over which entities referred to in (i) above is able to exercise significant influence</b>		
Toyo Sharda India Pvt. Ltd.	43.40	35.68
<b>b) Management Consultancy Income:</b>		
<b>Enterprises over which entities referred to in (i) above is able to exercise significant influence</b>		
Toyo Sharda India Pvt. Ltd.	17.29	36.97
<b>c) Miscellaneous Income:</b>		
<b>Enterprises over which entities referred to in (i) above is able to exercise significant influence</b>		
Toyo Sharda India Pvt. Ltd.	6.19	10.81
Suzuki Motorcycle India Pvt. Ltd.	-	21.31
Suzuki Motor Gujarat Pvt. Ltd.	-	2.50
Toyota Boshoku Relan India Pvt. Ltd.	-	1.57
<b>d) Interest Income:</b>		
<b>Entities with joint control or significant influence over the Company</b>		
Maruti Suzuki India Pvt. Ltd.	17.13	4.42
	<b>84.01</b>	<b>113.26</b>
<b>iv) Remuneration to Key Managerial Person *</b>		
<b>Key management persons</b>		
Rohit Relan		
-Short term employee benefits	159.00	141.00
-Post employment benefits	17.16	16.03
Sanjeev Kumar		
-Short term employee benefits	31.46	30.44
-Post employment benefits	1.98	2.76



Particulars	2019-20	2018-19
Rishabh Relan		
-Short term employee benefits	44.20	36.60
-Post employment benefits	5.48	4.47
Ayush Relan		
-Short term employee benefits	13.00	13.00
-Post employment benefits	2.39	2.01
Pranav Relan		
-Short term employee benefits	11.27	-
-Post employment benefits	1.76	-
Ritu Bakshi		
- Short term employee benefits	16.58	16.21
- Post employment benefits	1.87	2.71
	<b>306.15</b>	<b>265.23</b>
<b>v) Other Expenses:</b>		
<b>a) Power &amp; Fuel</b>		
<b>Entities with joint control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	486.28	721.29
<b>b) Rent paid:</b>		
<b>Entities with joint control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	19.51	19.48
<b>c) Factory Expenses:</b>		
<b>Entities with joint control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	48.29	56.18
<b>d) Sitting Fees:</b>		
<b>Entities with joint control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	2.00	1.60
<b>Relatives of key management persons</b>		
Sharda Relan	0.40	0.80
Ajay Relan	0.40	1.20
<b>e) Miscellaneous Expenses:</b>		
<b>Entities with joint control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	1.43	2.34
	<b>558.31</b>	<b>802.89</b>



Particulars	2019-20	2018-19
<b>vi) Interest Expense (including interest capitalised)</b>		
<b>Key management person</b>		
Rohit Relan	188.06	143.59
	<b>188.06</b>	<b>143.59</b>
<b>vii) Dividend paid:-</b>		
<b>Entities with joint control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	46.50	46.50
Suzuki Motor Corporation, Japan,	46.50	46.50
Sharda Motor Industries Limited.	90.00	90.00
<b>Key management persons</b>		
Rohit Relan	3.17	3.17
Rishabh Relan	3.53	3.53
Ayush Relan	1.97	1.97
Pranav Relan	4.13	4.13
<b>Relatives of key management persons</b>		
Ajay Relan	3.17	3.17
Sharda Relan	12.51	12.51
Ritu Relan	2.73	2.73
	<b>214.21</b>	<b>214.21</b>
<b>viii) Loans Received from related parties</b>		
<b>Key management person</b>		
Rohit Relan	600.00	-
	<b>600.00</b>	-
<b>ix) Advance received during the year</b>		
<b>Enterprises over which entities referred to in (i) above is able to exercise significant influence</b>		
Suzuki Motorcycle India Pvt. Ltd.	-	28.67
	-	<b>28.67</b>
<b>x) Purchase of land</b>		
<b>Key management person</b>		
Rohit Relan	782.00	-
	<b>782.00</b>	-



**C. Closing balances at the year end**
**(Rs. In Lakhs except as otherwise stated)**

Particulars	2019-20	2018-19
<b>i) Trade receivables</b>		
<b>Entities with joint control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	3,295.77	6,867.91
<b>Enterprises over which entities referred to in (i) above is able to exercise significant influence</b>		
Suzuki Motorcycle India Pvt. Ltd.	256.32	867.56
Suzuki Motor Gujarat Pvt. Ltd.	25.90	35.53
	<b>3,577.99</b>	<b>7,771.00</b>
<b>ii) Trade payable</b>		
<b>Entities with joint control or significant influence over the Company</b>		
Sharda Motor Industries Ltd.	620.30	921.24
<b>Enterprises over which entities referred to in (i) above is able to exercise significant influence</b>		
Toyo Sharda India Pvt. Ltd.	364.33	339.57
	<b>984.63</b>	<b>1,260.81</b>
<b>iii) Performance bank guarantee outstanding in favour of:</b>		
<b>Entities with joint control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	-	3.10
<b>Enterprises over which entities referred to in (i) above is able to exercise significant influence</b>		
Suzuki Motorcycle India Pvt. Ltd.	-	12.29
	-	<b>15.39</b>
<b>iv) Unsecured Loans from Related parties</b>		
<b>Key management person</b>		
Rohit Relan	2,260.00	1,660.00
	<b>2,260.00</b>	<b>1,660.00</b>

\* The remuneration to the key management personnel does not include the provision made for leave benefits, as it has been determined on an actuarial basis for the Company as a whole.

**Terms and Conditions of transactions with related parties**

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the yearend are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2020 the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**e. Expenditure on corporate social responsibility**

As per provisions of section 135 of the Companies Act, 2013, the Company has to incur at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013.

The Company has contributed a sum of Rs. 61.03 lakhs (31<sup>st</sup> March, 2019: Rs. 47 lakhs) towards relief activities, education and healthcare purpose. The same is debited to the Statement of Profit and Loss.

(Rs. In Lakhs except as otherwise stated)

Details of CSR Expenditure				As at 31st March, 2020	As at 31st March, 2019
a)	Gross amount required to be spent by the Company during the year			61.03	46.77
b)	Amount spent during year	Amount spent		Total 2020	2019
		2020	2019		
	(i) Construction/ acquisition of any asset	-	-	-	-
	(ii) On purposes other than above	61.03	47.00	61.03	47.00

**f. Fair Value measurements**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of their fair value:

(Rs. In Lakhs except as otherwise stated)

Financial Instruments by category	Carrying Value		Fair Value	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
<b>Financial assets at amortised cost</b>				
Loans	78.68	96.07	78.68	96.07
Cash and cash equivalents	77.77	960.39	77.77	960.39
Other bank balances	43.23	42.31	43.23	42.31
Trade receivables	3,609.22	7,780.89	3,609.22	7,780.89
<b>Financial liabilities at amortised cost</b>				
Non-current borrowings	2,388.12	2,007.75	2,388.12	2,007.75
Current borrowings	776.45	622.46	776.45	622.46
Trade payables	7,238.87	12,036.25	7,238.87	12,036.25
Other financial liabilities	671.23	472.84	671.23	472.84
Lease liabilities (current and non-current)	592.75	-	592.75	-

The fair value of the financial assets and liabilities is included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumption were used to estimate the fair value.

- i) The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flow using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flow or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- ii) Receivables/Payables are evaluated by the Company based on parameters such as interest rate, risk factors, and individual credit worthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

- iii) The significant unobservable inputs used in the fair value measurement categorized within level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31st March, 2020 are as shown below: -

#### Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities.

**Level 2:** other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

**Level 3:** techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

#### Quantitative disclosures fair value measurement hierarchy for assets as on 31st March 2020:

(Rs. In Lakhs except as otherwise stated)

	Carrying value 31st March, 2020	Fair value		
		Level 1	Level 2	Level 3
<b>Assets carried at amortised cost for which fair values are disclosed</b>				
Loans	78.68	-		78.68
Cash and cash equivalents	77.77	-	77.77	
Other bank balances	43.23	-	43.23	
Trade receivables	3,609.22	-		3,609.22
<b>Liabilities carried at amortised cost for which fair values are disclosed</b>				
Non-current borrowings	2,388.12	-	128.12	2,260
Current borrowings	776.45	-	776.45	
Trade payables	7,238.87	-		7,238.87
Other financial liabilities	671.23	-	222.79	448.44
Lease liabilities (current and non-current)	592.75	-	-	592.75

#### Quantitative disclosures fair value measurement hierarchy for assets as on 31st March 2019:

(Rs. In Lakhs except as otherwise stated)

Particulars	Carrying value 31st March, 2019	Fair value		
		Level 1	Level 2	Level 3
<b>Assets carried at amortised cost for which fair values are disclosed</b>				
Loans	96.07	-	-	96.07
Cash and cash equivalents	960.39	-	960.39	-
Other bank balances	42.31	-	42.31	-
Trade receivables	7,780.89	-	-	7,780.89
<b>Liabilities carried at amortised cost for which fair values are disclosed</b>				
Non-current borrowings	2,007.75	-	347.75	1,660.00
Current borrowings	622.46	-	622.46	-
Trade payables	12,036.25	-	-	12,036.25
Other financial liabilities	472.84	-	224.73	248.11

Note: The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

**g. Financial risk management**

The Company has instituted an overall risk management program which also focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Corporate Finance department evaluates financial risks in close co-operation with the various stakeholders.

The Company is exposed to capital risk, market risk, credit risk and liquidity risk. These risks are managed proactively by the Senior Management of the Company.

**i) 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 prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at 31st March, 2020 and 31st March, 2019. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019.

**A) Currency Risk:-**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument 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 foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from the respective countries. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

**Foreign currency risk sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD, Euro and JPY exchange rates, with all other variables held constant. The impact on the Company profit before tax is due to changes in the fair value of monetary assets and liabilities.

**Unhedged foreign currency exposures recognized are as under:**

**(Rs. In Lakhs except as otherwise stated)**

Currency Payable	Currency Symbol	31 <sup>st</sup> March, 2020		Gain/(loss)	
		Foreign Currency	Indian Rupees	Impact on profit before tax	
				5% Increase	5% Decrease
United States Dollar	\$	0.28	21.30	(1.06)	1.06
Japanese Yen	JPY	104.07	72.48	(3.62)	3.62

**(Rs. In Lakhs except as otherwise stated)**

Currency Payable	Currency Symbol	31 <sup>st</sup> March, 2019		Gain/(loss)	
		Foreign Currency	Indian Rupees	Impact on profit before tax	
				5% Increase	5% Decrease
United States Dollar	\$	1.23	85.08	(4.25)	4.25
Japanese Yen	JPY	187.24	117.96	(5.90)	5.90
EURO	EURO	0.36	27.97	(1.40)	1.40

The Company does not have any derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rate on foreign currency exposures.

**B) Interest rate risk:**

Interest rate 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 obligation at floating interest rates:

(Rs. In Lakhs except as otherwise stated)

Sensitivity Analysis	Gain/(loss)	Gain/(loss)
	Impact on profit before tax	Impact on profit before tax
	50 bps increase	50 bps decrease
31st March 2020	(16.93)	16.93
31st March 2019	(14.31)	14.31

**C) Price risk**

The Company is not exposed to any price risk as there is no investment in securities and the Company does not deal in commodities.

**ii) Liquidity risk:**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company employs' prudent liquidity risk management practices which inter alia means maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Given the nature of the underlying businesses, the corporate finance maintains flexibility in funding by maintaining availability under committed credit lines and this way liquidity risk is mitigated by the availability of funds to cover future commitments. Cash flow forecasts are prepared and the utilized borrowing facilities are monitored on a daily basis and there is adequate focus on good management practices whereby the collections are managed efficiently. The Company while borrowing funds for large capital project, negotiates the repayment schedule in such a manner that these match with the generation of cash on such investment. Longer term cash flow forecasts are updated from time to time and reviewed by the senior management of the Company.

The table below represents the maturity profile of Company's financial liabilities at the end of 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019 based on contractual undiscounted payments:

(Rs. In Lakhs except as otherwise stated)

As at 31st March, 2020	0-1 year	1-5 years	More than 5 years	Total
Trade payable	7,238.87	-	-	<b>7,238.87</b>
Interest bearing borrowings	1,001.82	2,389.63	-	<b>3,391.45</b>
Other financial liabilities (excluding current maturity of long-term borrowings)	448.44	-	-	<b>448.44</b>
Lease liabilities (current and non current)	59.18	278.71	254.86	<b>592.75</b>
<b>Total</b>	<b>8,748.31</b>	<b>2,668.34</b>	<b>254.86</b>	<b>11,671.51</b>

(Rs. In Lakhs except as otherwise stated)

As at 31st March, 2019	0-1 year	1-5 years	More than 5 years	Total
Trade payable	12,036.25	-	-	<b>12,036.25</b>
Interest bearing borrowings	849.74	2,011.88	-	<b>2,861.62</b>
Other financial liabilities (excluding current maturity of long-term borrowings)	248.11	-	-	<b>248.11</b>
<b>Total</b>	<b>13,134.10</b>	<b>2,011.88</b>	-	<b>15,145.98</b>

**Reconciliation of Interest-bearing borrowings:**
**(Rs. In Lakhs except as otherwise stated)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Non-Current borrowings	2388.12	2,007.75
(ii) Short-term borrowings	776.45	622.46
(iii) Current maturity of long-term borrowings	222.79	224.73
Processing fees adjusted from borrowings	4.09	6.68
<b>Total</b>	<b>3,391.45</b>	<b>2,861.62</b>

**iii) Credit risk:**

Credit risk is the risk of financial loss to the Company if a customer or the counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the Company's receivables from customers. Credit risk arises from cash held with banks, as well as credit exposure to customers including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company assesses the credit quality of the counterparties, taking in to account their financial position, past experience and other factors.

Balances with banks is subject to low credit risk due to good credit ratings assigned to these banks.

Credit risk relating to trade receivable, securities given is considered negligible as counterparties are having good credit quality. The ageing analysis of trade receivables has been considered from the date the invoice falls due.

Particulars	As at 31st March, 2020	As at 31st March, 2019
Neither past due nor impaired	3,463.14	7,352.52
0-180 days past due date	104.46	419.45
More than 180 days past due date	41.62	8.92
<b>Total</b>	<b>3,609.22</b>	<b>7,780.89</b>

**h. Capital Management**

For the purposes of Company's capital management, capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2020 and 31st March, 2019.

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 0% to 10%.

**The gearing ratio for each year is as follows: -**

**(Rs. In Lakhs except as otherwise stated)**

Particulars	31st March, 2020	31st March, 2019
Total Borrowings (including current maturities) (refer note 17, 21 & 23)	3,387.36	2,861.62
Less: Cash and Cash Equivalents (excluding unpaid dividend account)	(77.77)	(960.39)
<b>Net debt</b>	<b>3,309.59</b>	<b>1,901.23</b>
Equity	11,330.65	10,455.89
<b>Total capital</b>	<b>11,330.65</b>	<b>10,455.89</b>
<b>Total capital and net debt</b>	<b>14,640.24</b>	<b>12,357.12</b>
Gearing Ratio	0.23	0.15

**i. Lease**
**Contractual maturities of lease liabilities**

The Company has entered into leases for its commercial premises, duration of such leases is 7 to 33 years. These lease agreements are normally renewed on expiry. At the date of commencement of the lease, the Company recognize lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The rental expense charged to statement of profit and loss is Rs. 4.57 lakhs (31<sup>st</sup> March, 2019 Rs. 134.99 lakhs)

The weighted average incremental borrowing rate applied to lease liabilities recognized in the balance sheet at the date of initial application is 10.15%.

Set out below are the carrying amounts of lease liabilities and the movements during the year :-

(Rs. in lakhs unless otherwise stated)

Particulars	As at March 31, 2020
Reclassified on account of adoption of Ind AS 116	687.26
Add: Accretion of interest	42.15
Less: Principal repayment of lease liability	94.51
Less: Payment of interest on lease liability	42.15
Balance as on March 31, 2020	592.75
Non-current lease liability as at March 31, 2020 (Refer note 18(a))	533.57
Current lease liability as at March 31, 2020 (Refer note 18(b))	59.18

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as at March 31, 2019, as follows:

(Rs. in lakhs)

Operating lease commitments disclosed as at March 31, 2019	961.68
Discounted using the lessee's incremental borrowing rate at the date of initial applications	687.26
Lease liability recognized as at April 01, 2019	687.26

**Company as lessor**

The Company has entered into a cancellable operating lease with Toyo Sharda India Private Limited for a further period of 3- years starting from 01 April 2018 at such terms and conditions mutually agreed upon. The rent shall increase by 5% annually. Lessee shall not assign/ sublet property to any other person. The total rent recognised as income during the year is Rs. 43.40 lakhs (31<sup>st</sup> March 2019: Rs. 35.68 lakhs).

**j. Dividend Paid and Proposed:**

(Rs. In Lakhs except as otherwise stated)

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
<b>Dividend declared and paid during the year:</b>		
Final Dividend for the year ended 31st March, 2019	314.00	314.00
Re. 1 per equity share (31st March, 2018: Re.1 per equity share)		
Corporate dividend tax paid on final dividend	64.54	64.54
	<b>378.54</b>	<b>378.54</b>
<b>Proposed dividend on Equity Shares</b>		
Final Dividend for the year ended 31st March, 2020	157.00	314.00
Re. 0.50 per equity share (31st March, 2019 Re.1 per equity share)		
Corporate Dividend Tax payable on proposed dividend (not applicable from financial year 2020-21)	-	64.54
<b>Total</b>	<b>157.00</b>	<b>378.54</b>



- k. Subsequent to the year end, pursuant to the scheme of arrangement between Sharda Motor Industries Limited (Demerged Company) and NDR Auto Components Ltd. (Resultant Company) u/s 230 to 232 and other applicable provisions of the companies Act, 2013 as approved by Hon'ble National company Law Tribunal, Delhi Bench ("NCLT") vide its order dated 20<sup>th</sup> February, 2020 (certified true copy received on 11<sup>th</sup> March, 2020), which is effective from 16<sup>th</sup> March, 2020 (effective date), being the date of filing the certified copy of the order of the NCLT, Sharda Motor Industries Limited (Promoter Group Company) has transferred its entire stake (90,00,000 shares forming 28.66% of the total share capital of the Company) to another Promoter Group Company, NDR Auto Components Ltd on 11<sup>th</sup> April, 2020.
- l. Due to the nationwide lockdown in March 2020, the Company temporarily suspended its operations in compliance with lockdown instructions. Covid-19 has impacted the normal business operations of the Company by way of interruptions in production, supply chain and production facilities etc. during the lock down period extended till May 31, 2020. However, productions and supply of goods has gradually commenced in months of May/June 2020 at the manufacturing locations after obtaining permissions from the appropriate government authorities.
- The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the liquidity position to continue operations for the next year and carrying amounts of property, plant and equipment, inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external sources on the expected future performance of the Company. Based on current estimates the Company expects the carrying amount of these assets will get recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of these financial statements. Given the nature of the pandemic, the Company will continue to monitor developments to identify and manage any significant uncertainties relating to its future economic outlook.
- m. During the year because general slowdown in automotive industry, the Company has inadequate profits which resulted in managerial remuneration paid to its directors exceeding the limits specified under section 197 read with Schedule V to the Act. The remuneration paid during the year is approved by Board of Directors in meeting dated 27 January, 2020 and is proposed for shareholder approval in the ensuing Annual General Meeting. The management is confident of obtaining the shareholder's approval for remuneration accrued and accordingly no adjustment is required in the financial statements.
- n. Note no. 1 to 37 pertaining to balance sheet and statement of profit and loss form an integral part of the financial statements.

**As per our report of even date****For S. R. Batliboi & Co. LLP**

Chartered Accountants  
ICAI Firm Registration number 301003E/E300005

**per Amit Chugh**

Partner  
Membership No. 505224

**For and on behalf of the Board of Directors****ROHIT RELAN**

Chairman cum Managing Director  
(DIN 00257572)

**RITU BAKSHI**

(Company Secretary)

**RAJAT BHANDARI**

Sr. Vice President  
(Strategic Planning)

**SANJEEV KUMAR**

(Chief Financial Officer)

Place : Gurugram  
Date : June 12, 2020

