



*People Finding A Better Way<sup>®</sup>*



**FAIRFIELD ATLAS LIMITED**

**30<sup>TH</sup> ANNUAL REPORT**

**2019-20**

# FAIRFIELD ATLAS LIMITED

## Contents:

Notice.....	01
Explanatory Statement .....	05
Directors' Report .....	06
Independent Auditor's Report .....	27
Balance Sheet as at 31 <sup>st</sup> March 2020 .....	34
Statement of Profit and Loss for the year ended 31 <sup>st</sup> March 2020 .....	35
Cash Flow for the year ended 31 <sup>st</sup> March 2020 .....	36
Notes to the Financial Statements.....	38
Proxy Form.....	79
Route Map .....	81

---

---

# FAIRFIELD ATLAS LIMITED

<b>BOARD OF DIRECTORS</b>	:	Mr. Sunil Sehgal	Chairman
		Mr. D.E. Jacob	Managing Director
		Mr. Marcus D. King	Director
		Mr. Michael A. Campbell	Director
		Mr. Gajanan V. Gandhe	Director
		Ms. Xian He	Director
		Mr. Avinash P. Gandhi	Independent Director
		Mr. Rakesh Jinsi	Independent Director
<b>CHIEF FINANCIAL OFFICER</b>	:	Mr. Vijay Kumar Sinha	
<b>COMPANY SECRETARY</b>	:	Mr. Pandharinath Patil	
<b>AUDITORS</b>	:	Price Waterhouse Chartered Accountants LLP, Pune	
<b>BANKERS</b>	:	AXIS Bank Limited HDFC Bank Limited	
<b>REGISTERED OFFICE Plant 1</b>	:	Survey 157, Devarwadi Village, Post Shinoli, Chandgad Taluka, Dist. Kolhapur-416507 Maharashtra Tel.: (02320) 236605/6 Email: pandharinath.patil@dana.com	
<b>Plant 2 :</b>		Survey No. 116 & 119 Village Shinoli (Bk) Chandgad Taluka, Dist Kolhapur- 416507 Maharashtra Telephone no – (02320) 236605 / 06	
<b>CORRESPONDENCE ADDRESS</b>	:	3941/2B-9, Club Road, Basav Nagar, Belgaum-590 001 Tel.: (0831) 2434906 Telefax: (0831) 2427210	
<b>REGISTRARS AND TRANSFER AGENTS</b>	:	Link Intime India Private Limited (Formerly known as Sharex Dynamic (India) Private Limited) C 101, 247, Park, L. B. S. Marg, Vikhroli (West) Mumbai 400083. Tel: 28515606 or 28515644 Fax: +91 22 28512885 Email: support@sharexindia.com Website : www.sharexindia.com <a href="https://www.linkintime.co.in">https://www.linkintime.co.in</a>	
<b>CIN NO.</b>	:	U34300MH1990PLC055300	
<b>WEBSITE</b>	:	<a href="http://www.dana.com/grazianofairfield/">http://www.dana.com/grazianofairfield/</a>	



## NOTICE

NOTICE is hereby given that the Thirtieth Annual General Meeting of Members of Fairfield Atlas Limited (the "Company") will be held on Friday, 18th December, 2020 at 4.00.p.m. at the Registered Office of the Company at Survey No 157, Devarwadi, Chandgad Taluka, Dist Kolhapur-416507 Maharashtra to transact the following business :

### Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2020 together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Marcus David King (holding DIN 06947986 ) who retires by rotation and being eligible to offers himself for re-election.
3. To appoint a Director in place of Mr. Michael Andrew Campbell (holding DIN 03075376) who retires by rotation and being eligible to offers himself for re-election.

### Special Business

4. Payment of Remuneration to M/s M. P. Turakhia & Associates, Cost Accountants (Firm Registration No. 000417), the Cost Auditors of the Company for the Financial Year 2020-21:

To ratify the remuneration of Cost Auditors for financial year 2020-21 and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, and pursuant to the recommendation of the Audit Committee in this regard, the remuneration payable to M/s M. P. Turakhia & Associates, Cost Accountants (Registration No.000417), who were appointed as Cost Auditors by the Board of Directors of the Company for the conduct of the cost audit of the Company's "other machinery" for the financial year ending 31st March ,2021 amounting to Rs.2,00,000 (Rupees Two Lakhs) plus goods and service tax as applicable and reimbursement of actual travel and out-of-pocket expenses be and is hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do or to authorize any person to do all such acts, deeds, matters, and things as may be considered necessary, relevant, usual, customary, proper or expedient to give effect to aforesaid resolution".

5. Approval of appointment of Ms. Xian He (holding DIN 0008633591) as a Director of the Company:

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

**"RESOLVED THAT** pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and rules made thereunder and the Articles of Association of the Company, MS. Xian He (holding DIN 0008633591) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 7th January, 2020 and who holds office until the date of the AGM, and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.

**RESOLVED FURTHER THAT** any Director, Company Secretary or Chief Financial Officer of the Company be and is hereby severally authorized to file necessary forms with the Registrar of Companies, make entries in the statutory registers in connection with this appointment and to do all such acts and things as may be necessary to give effect to this resolution."

**NOTES:**

a) The relative Explanatory Statement as required by Section 102 of the Companies Act, 2013 in regard to item nos. 4 to 5 is annexed hereto.

b) **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and a proxy need not be a member of the Company. The instrument appointing the proxy should however be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting.**

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

c) The Register of Members and Share Transfer Books of the Company will be closed from Friday 11<sup>th</sup> December, 2020 to Friday 18<sup>th</sup> December, 2020 (both days inclusive).

d) Members holding shares in electronic form are requested to intimate any change in their address to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address to the Company/Registrars and Transfer Agents M/s Link Intime India Private Limited, and quote folio numbers in all their correspondence.

e) Members who have not registered their email addresses so far are requested to register their email addresses with the Depository Participant (in case of shares held in dematerialized form) or with The Registrar and Transfer Agents (for shares held in physical form) for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically.

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

g) In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

h) Mr. Mahesh Soni, ( Membership No. FCS 3706, COP 2324) Partner GMJ Associates Practicing Company Secretaries has been appointed as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

i) In compliance with the MCA Circulars dated 5<sup>th</sup> May, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.dana.com/grazianofairfield/](http://www.dana.com/grazianofairfield/) and website of CDSL : <https://www.evoting.cdsl.com>

j) Procedure for remote e-voting

1. In compliance with the provisions of section 108 of the Companies Act 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014 the Company is pleased to offer e-voting facility to its members in respect of the businesses to be transacted at the 30<sup>th</sup> Annual General Meeting (AGM). The Company has engaged the services of Central Depository Services Limited (CDSL) as the Authorised Agency to provide e-voting facility.

2. Members are requested to note that the Company is providing facility for remote e-voting and the business can be transacted through electronic voting system. It is hereby clarified that it is not mandator for a Member to vote using the remote e-voting facility. A Member may avail of the facility at his/her/ its discretion as per the instructions provided herein.

**The instructions for shareholders voting electronically are as under:**

(i) The voting period begins on Tuesday, 15<sup>th</sup> December, 2020 at 9.00 A.M. and ends on Thursday, 17<sup>th</sup> December, 2020 at 5.00 P. M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 11<sup>th</sup> December, 2020, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member he/she shall not be allowed to change it subsequently or cast the vote again. Members who have cast their vote through remote e-voting

may also attend the meeting but shall not be entitled to cast their vote again. A member present at the AGM who has not availed the facility of remote e-voting can vote through Ballot/ Poll Paper at the AGM

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members 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.

- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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 voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
<b>PAN</b>	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>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot /Attendance Slip indicated in the PAN field.</li> </ul>
<b>Dividend Bank Details OR</b>	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.
<b>Date of Birth (DOB)</b>	<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 (iv)</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Fairfield Atlas Limited on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.

- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If 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.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed 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.
- (xx) If you have any queries or issues regarding 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).
- (xxi) The voting rights of members shall be in proportion to their share in the paid-up equity share capital of the Company as on Friday 11<sup>th</sup> December, 2020 being the cut off date. Members are eligible to cast their vote only if they are holding share as on that date.
- (xxii) Any person who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares on the cut off date, may cast their vote by remote e-voting or through Poll at the meeting. However if you are already registered with CDSL for remote e-voting then you can use existing user ID and password for casting your vote. If you forget your password you can reset your password by using Forgot Password option available on [www.evotingindia.com](http://www.evotingindia.com).
- k) The results shall be declared not later than forty-eight hours from conclusion of the meeting. The results declared along with scrutiniser's report will be placed on the website of the Company at [www.dana.com/grazianofairfield/](http://www.dana.com/grazianofairfield/) and website of CDSL : <https://www.evoting.cdsl.com> immediately after the result is declared by the Chairman.

**By Order of the Board of Directors**

**Pandharinath Patil**  
Company Secretary

Place: Devarwadi  
Date: 26<sup>th</sup> October, 2020  
CIN No. U34300MH1990PLC055300

**Registered Office :**

Survey No 157, Devarwadi Village,  
Post Shinoli, Chandgad Taluka, Dist. Kolhapur- 416507  
Maharashtra  
Website: <http://www.dana.com/grazianofairfield/>



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013 ('Act')**

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice.

**Item No. 4**

In terms of the provisions of Section 148 of the Act and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board on the recommendation of the Audit Committee at its meeting held on 30<sup>th</sup> June, 2020 has considered and approved the appointment and remuneration of M/s M. P. Turakhia & Associates, Cost Accountants (Registration No. 000417), for the conduct of the audit of cost accounts maintained by the Company for its "other machinery" for the financial year ending 31<sup>st</sup> March, 2021. As approved by the Board the Annual remuneration payable to M/s M. P. Turakhia & Associates for the financial year ending 31<sup>st</sup> March, 2021 is Rs.2,00,000/- (Rupees Two Lakhs) plus goods and service tax as applicable and reimbursement of actual travel and out-of-pocket expenses.

The Board recommends the Ordinary Resolution set out at Item No.4 of the Notice for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution set out at Item No.4 of the Notice except to the extent of their shareholding interest, if any, in the Company.

**Item No. 5**

Pursuant to the provisions of Section 161(1) of the Companies Act 2013 and Articles of Association of the Company the Board of Directors at their meeting held on 7th January, 2020 appointed Ms. Xian He (holding DIN 0008633591) Additional Directors with effect from 7th January, 2020.

Ms. Xian He, or known as Ms. Chord He as her English name, has 8 years of experience with Dana Corporation. She takes a leading role on tax and treasury matters for entities located in Asia region, including China, India, Thailand, Australia, etc. Ms. Xian He has wide and varied experience while working at very senior positions, be co-opted as Additional Director on the Board of the Company.

Ms. Xian He is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given her consents to act as Director of the Company.

The Company has received notices from member pursuant to Section 160 of the Companies Act 2013 proposing the candidature of Ms. Xian He for the office of Director of the Company liable to retire by rotation.

Except Ms. Xian He none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested financially or otherwise in the resolutions set out at item No 5 of the Notice except to the extent of their shareholding interest, if any, in the Company.

**By Order of the Board of Directors**

**Pandharinath Patil**  
Company Secretary

Place: Devarwadi  
Date: 26<sup>th</sup> October, 2020  
CIN No. U34300MH1990PLC055300

**Registered Office :**

Survey No 157, Devarwadi Village,  
Post Shinoli, Chandgad Taluka, Dist. Kolhapur,  
Maharashtra 416507  
Website: <http://www.dana.com/grazianofairfield/>

## DIRECTORS' REPORT

The Directors are pleased to present their Thirtieth Annual Report together with the Audited Financial Statements of Fairfield Atlas Limited (the "Company") for the year ended 31<sup>st</sup> March ,2020

### I. Financial Results

	(Rs. in lakhs)	
	F.Y. 2019-20	F.Y. 2018-19
Total Revenue	50,141.59	62163.23
Profit before depreciation, Interest and Tax	10,715.01	11330.09
Interest and other finance charges	6.71	7.93
Depreciation and Amortisation	3,345.58	2813.17
Profit before Tax	7,362.72	8508.99
<b>Income tax expenses:</b>		
Current tax	1,919.90	3190.64
Deferred Tax charge (credit)/charge	215.20	(164.62)
Profit after tax	5,227.63	5482.97

Previous year's figures have been regrouped to conform to current year's classification

### II. Dividend

The Directors did not recommend dividend for the year ended 31<sup>st</sup> March, 2020.

### III. Performance

The financial year under review was a year of challenging to your company, there is reduction in revenue by 19.34% amounting to Rs. 12,021.64 lakhs. This is largely because of the overall slowdown in the economy, liquidity crunch, the crisis in the non-banking finance companies (NBFC) sector, the increase in third party insurance and road tax, and the consequent hike in the cost of acquisition, uncertainty arising out of inventory liquidation prior to the BS-VI transition and expectations of a possible GST reduction which affects the automobile industry as a whole. Passenger vehicle sales declined nearly by 17.98 per cent in April-November 2019 over the same period last year, commercial vehicles will go down by 22-27 per cent overall, with heavy vehicles falling by more than 40 per cent. While the industry was hoping for the best from December, 2019 which gave slight recovery(increase in sales), the COVID-19 Pandemic broke-out globally in the month of January, 2020 and affected global economy very badly.

Consequently there was decrease in total income for the financial year under review from Rs. 62,163.23 lakhs in the previous year to Rs. 50,141.59 lakhs in the financial year under review. Net Profit after tax for the year recorded to Rs. 5,227.63 lakhs as against Rs.5,482.97 lakhs in the previous financial year.

Future strategy involves focusing on customer needs and expanding product portfolio and increasing customer base so as to accelerate its earnings growth. On a global level the Dana Inc. of which the Company is a part is a supporter of clean environment and hence is focusing on electric drives and transmission components for electric and hybrid vehicles.

The COVID-19 Pandemic has spread with alarming speed, infecting Millions and bringing economic activities to a near standstill as countries imposed tight restrictions on movement to halt the spread of the virus. Business for current financial year both in the Domestic and Export Sector is facing global disruptions which may impact the profitability prospects of the company. The Company continues relentlessly to focus on tighter cost controls coupled with process efficiencies.

### IV. Directors Responsibility Statement

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

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year as on 31<sup>st</sup> March, 2020 and of the profit of the Company for the year ended on that date;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the annual accounts for the year ended 31<sup>st</sup> March, 2020 on a going concern basis;
- (v) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## V. Finance

The Company has no debts outstanding as on year end.

## VI. Extension of time granted by registrar of companies for holding Annual General Meeting

The Company was required to hold its Annual General Meeting by 30<sup>th</sup> September, 2020. However, considering the unprecedented special reason of COVID-19 and by using the power conferred by the third proviso to sub-section(1) of Section 96 of the companies Act, 2013, the Registrar of Companies Maharashtra, Mumbai vide his order dated 8<sup>th</sup> September, 2020 has given a general extension to hold the AGM, without requiring to file Form GNL-1, by a period of three months from the due date by which the AGM ought have been held.

## VII. Number of meetings of the Board of Directors

During financial year ended 31<sup>st</sup> March, 2020 four Board Meetings were held.

The dates on which the Board Meeting were held are 25<sup>th</sup> June, 2019, 22<sup>nd</sup> October, 2019, 11<sup>th</sup> November, 2019 and 7<sup>th</sup> January, 2020

The Attendance of the Directors at these meetings was as under:

<b>Directors</b>	<b>Number of Board Meetings attended</b>
Mr. Sunil Sehgal (Chairman)	4
Mr. Marcus D. King	2
Mr. Devanand E. Jacob	4
Mr. Michael A. Campbell	1
Mr. Gajanan V. Gandhe	3
Ms. Xian He	0
Mr. Avinash P. Gandhi	4
Mr. Rakesh Jinsi	1

## VIII. Statement on Declaration given by Independent Directors under sub-section (6) of Section 149

The Independent Directors have submitted the declaration of independence, as required pursuant to section 149(7) of the Companies Act 2013 stating that they meet the criteria of independence as provided in subsection (6). During the Financial year a meeting of the Independent Directors was held on 7<sup>th</sup> January, 2020 to review and discuss matters as mentioned in Schedule IV of the Companies Act.

## IX. Subsidiaries

The Company does not have any subsidiary.

**X. Particulars of Loans, Guarantees or Investments under Section 186**

No Loans, Guarantees were given and no Investments made during the Financial year ended 31<sup>st</sup> March, 2020

**XI. Extract of Annual Return**

In accordance with sub section (3) of section 92 of the Companies Act, 2013 a company shall not be required to attach the extract of annual return with the Board’s Report in Form No. MGT-9, in case the web link of such annual return has been disclosed in the Board’s Report. The copy of annual return shall be placed on website [www.dana.com/grazianofairfield/](http://www.dana.com/grazianofairfield/) as and when filed with ROC.

**XII. Particulars of Contracts or arrangements with related parties referred to in sub-section(1) of Section 188.**

The particulars of contracts or arrangements with related parties referred to in sub-section(1) of Section 188 is prepared in 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 and the same is enclosed as Annexure- I to this Report

**XIII. Transfer of Amount to Reserves**

The Company proposes to transfer Rs. 5,207.99 lakhs to General Reserve for the Financial year ended 31<sup>st</sup> March, 2020

**XIV. Corporate Social Responsibility**

Corporate Social Responsibility (CSR) as recommended by the Committee and accepted and adopted by the Board encompasses mechanism for undertaking socially useful programs for welfare and sustainable development of the underprivileged groups of Urban and Rural Communities. These programs would focus on education issues, empowerment of women, health care including working with elderly citizens and old age homes, developing source of pure drinking water specifically in rural areas, environment sustainability etc. These would help the development of not only stakeholders but Society as a whole.

A Report on Corporate Social Responsibility in the format as per Rule 8 of Company (Corporate Social Responsibility Policy) Rules 2014 is enclosed as **Annexure- II** to this Report.

The company has started various projects under CSR; however, Pond development work are not being completed during the year since they were filled-up with water due to uncertain rain, resulting in shortfall of Rs.42.55 Lakhs in CSR spent. Company has already taken steps to spend this unused amount in the coming year.

During the Financial year, Corporate Social Responsibility Committee meetings were held on 11<sup>th</sup> November, 2019

Attendance at these meetings was as under:

<b>Members</b>	<b>Number of meetings attended</b>
Mr. Sunil Sehgal (Chairman)	1
Mr. Avinash Gandhi	1
Mr. Devanand E. Jacob	1

**XV. Industrial Relations**

During the financial year, Industrial relations at the Company’s Plant continued to be cordial and harmonious. During the year, the Company organized various training programs, seminars and interactive sessions and awareness programs for the benefit of the employees and enhancing their capabilities. The Company believes that well-being of its employees is well being of the community.

## **XVI. Demat of shares under Companies (Prospectus and Allotment of Securities) Rules for purposes of transfer.**

27,105,510 Shares are Dematerialized (as on 31.03.2020) 99.21% of total Shares viz 27,320,540 shares)

Pursuant to amendment of the above Rules shares of the Company being unlisted can only be transferred in dematerialized mode with effect from 2nd October, 2018. Shareholders are therefore requested to convert their shares from physical mode to dematerialized mode by contacting any depository participant in case they wish to transfer their shares. For facilitating dematerialization of its shares the Company had already made arrangements with both depositories CDSL and NSDL when its shares were listed. For the purpose of dematerialization the Company's number is ISIN INE 922C01013 which can be quoted on Demat request form.

## **XVII. Particulars of Employees**

The information required pursuant to section 197 read with rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure -III

## **XVIII. Conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to provisions of Section 134(3) (m) of the Companies Act 2013 read with the Companies (Accounts) Rules**

The information required in respect to conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to provisions of Section 134(3) (m) of the Companies Act 2013 read with Rule 8(3) of the Companies (Accounts) Rules is furnished and is enclosed as **Annexure- IV** to this Report

## **XIX. Risk Management**

The Company has a risk management framework that works at various levels of the organization to oversee the various risks the Company faces. It has an adequate internal control system and procedures for controlling risks and organizational process for managing and reporting on risks and dealing with risk factors affecting the organization. All assets are adequately insured. The Company's risk management is carried out by the treasury department of the Company under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks through derivative financial instruments. The Board gives directions for overall risk management.

## **XX. Mechanism for Evaluation of Board**

The evaluation of performance of all Board members is done so as to ascertain appropriate skills and experience for effective functioning of the Board and individual directors.

The performance of the Board of Directors as a whole and its Committees would be evaluated on the number of meetings held during the year, the duration of meetings the information given to the Board Members and the information exchanged between them.

Parameters for evaluating individual directors

- i) Attendance and level of active participation at Board Meetings.
- ii) Professional and educational qualifications and knowledge of the Company's activities and business environment.
- iii) Independence of judgement and contribution.
- iv) Safeguarding interests of Company.

## **XXI. Nomination and Remuneration Committee**

The members of the present Nomination and Remuneration Committee are Mr. Avinash Gandhi and Mr. Rakesh Jinsi (Independent Directors) and Mr. Sunil Sehgal. The Committee sets out a Policy on remuneration of Senior Managerial Personnel and Managing Director. During the financial year two meetings of the Nomination and Remuneration Committee were held on 22<sup>nd</sup> October, 2019 and 11<sup>th</sup> November, 2019.

Attendance at this meetings were as under:

<b>Members</b>	<b>Number of meetings attended</b>
Mr. Avinash Gandhi (Chairman)	2
Mr. Sunil Sehgal	2
Mr. Rakesh Jinsi	0

**XXII. Remuneration Policy for Managing Director and Senior Managing Personnel**

- i) Managing Director would be paid such remuneration as mutually agreed between him and the Company within overall limits of the Companies Act 2013 and remuneration policy of Dana Group as applicable to Senior Managerial Personnel and is subject to shareholder approval.
- ii) The remuneration of Key Managerial Personnel consists mainly of salary, allowances, perquisites, incentives.
- iii) Remuneration level is considered depending on the individual's role, experience and achievement of results.
- iv) Salary increases are determined on overall performance and in achieving success in key result areas.

Criteria of Independence of Directors would be as laid down in the Companies Act 2013. The Independent Directors would be required to abide by the Code of Conduct of Independence as specified in Schedule IV to the Companies Act 2013.

**XXIII. Audit Committee**

The members of the Audit Committee are Mr. Avinash Gandhi and Mr. Rakesh Jinsi (Independent Directors) and Mr. Sunil Sehgal. The Committee reviews with the Management the financial results prior to recommending them to the Board. The Committee recommends appointment of Statutory, Internal and Cost Auditors and fixing their remuneration. It formulates the scope, functioning, periodicity and methodology for conducting the internal audit. All recommendations of Audit Committee were accepted by the Board. During the financial year one meeting of the Audit Committee was held 11<sup>th</sup> November, 2019.

Attendance at these meetings was as under:

<b>Members</b>	<b>Number of meetings attended</b>
Mr. Avinash Gandhi (Chairman)	1
Mr. Sunil Sehgal	1
Mr. Rakesh Jinsi	0

**XXIV. Stakeholders Relationship Committee**

The members of the Stakeholders Relationship Committee are Mr. Avinash Gandhi, Mr. Sunil Sehgal and Mr. Devanand E. Jacob. The Committee meets as and when required to inter -alia deal with matters relating to transfer/transmission of shares, request for duplicate certificates and monitor redressal and grievances of shareholders.

No meetings of Stakeholders Relationship Committee were required to be held during the financial year.

**XXV. Material changes and commitments**

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report.

**XXVI. Directors and Key Managerial Personnel (KMP)**

Mr. Marcus David King and Mr. Michael Andrew Campbell will retire by rotation at this Annual General Meeting and being eligible to offer himself for reappointment as Director.

Ms. Xian He was appointed Additional Director with effect from 7<sup>th</sup> January, 2020. She cease to hold office at the date of this Annual General Meeting and being eligible to offer her selves for reappointment as Director.

The Company has received requisite notices in writing from members proposing Mr. Marcus David King , Mr. Michael Andrew Campbell and Ms. Xian He for appointment as Directors.

None of the directors of the Company is disqualified as on 31<sup>st</sup> March, 2020 for being appointed as Directors as specified in Section 164(2) of the Companies Act, 2013.

Mr. Marcel Rebello has resigned from the position of Company Secretary w.e.f. 1<sup>st</sup> December, 2019. Mr. Pandharinath Patil has been appointed as Company Secretary w.e.f. 1<sup>st</sup> December, 2019

There has been no other change in the Key Managerial Personnel of the Company during the year, except as mentioned above.

#### **XXVII. Auditors**

The Company's Auditors, Price Waterhouse Chartered Accountants LLP bearing firm Registration number 012754N/N500016, were appointed as the Statutory Auditors for a period of five consecutive years from conclusion of the 26<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> September, 2016 up to the conclusion of the 31<sup>st</sup> Annual General Meeting of the Company to be held in the year 2021. They have given their written consent for continuing as Auditors of the Company.

#### **XXVIII. Cost Auditors**

The Board of Directors has upon recommendation of the Audit Committee re-appointed M/s. M.P. Turakhia and Associates, Cost Accountants, as Cost Auditors of the Company for the financial year 2020-21 subject to approval of the Central Government.

Necessary certificate/confirmation has been obtained from M/s. M.P. Turakhia and Associates to the effect that they are eligible for appointment as Cost Auditors under Sec 141(3) (g) of the Companies Act, 2013. The Audit Committee has also received a certificate from the Cost Auditors certifying their independence and arm's length relationship with the Company.

#### **XXIX. Internal Auditors**

The Board has appointed M/s. T. R. Chadha & Co LLP a reputed firm of Chartered Accountants as Internal Auditors for the Financial year ending March 31, 2021. The Company also has adequate internal financial controls commensurate with its scale of operations.

#### **XXX. Secretarial Auditor's Report**

As per the provisions of Section 204 of the Companies Act 2013, the Board of Directors have appointed M/S GMJ Associates Practicing Company Secretaries as Secretarial Auditor to conduct secretarial audit of the Company for the Financial year ended 31<sup>st</sup> March, 2020.

Secretarial Audit Report issued by GMJ Associates in form MR-3 is enclosed as **Annexure- V** to this Report. There are no qualifications, reservation or adverse remark in the Secretarial Audit Report

#### **XXXI. Compliance with the provisions of Secretarial Standards 1 and 2**

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively, have been duly complied by the Company

#### **XXXII. Disclosure under the 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 requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the financial year the Company has not received any complaints pertaining to sexual harassment.

**XXXIII. Auditors' Report**

The notes on Accounts, referred to in the Auditors' Report are self-explanatory. The Auditors Report does not contain any qualification, reservation or adverse remark.

**XXXIV. Acknowledgement**

The Directors express their sincere thanks for the continued support and valuable co-operation extended by DANA Incorporated as well as Dana Fairfield USA and commitment and contribution of the employees at all levels to the performance of the Company.

**XXXV. General**

The Directors state that no disclosure or reporting is required in respect of following items as there were no transactions/events on these items during the year under review:

1. Issue of equity shares with differential rights as dividends, voting or otherwise
2. Issue of shares (including sweat equity shares) to employees of the Company under any Scheme
3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operation in future
4. Acceptance of Deposits
5. No fraud has been reported by any of the Auditors to the Audit Committee or the Board
6. The Company does not have any scheme of providing money for purchase of its own shares by employees or by trustees for benefit of employees.

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

Place: Devarwadi  
Date: 26<sup>th</sup> October, 2020

**SUNIL SEHGAL**  
Chairman



**ANNEXURE- I****Form AOC-2**

**(Pursuant to clause (h) of sub-section 3 of Section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014)**

Form of 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: **NIL**
- 2) Details of material contracts or arrangements or transactions at arm's length
- a) **Names of related parties and nature of relationship where control exists.**

**A Name of the related parties and nature of relationship****i) Entities having control over the Company****a. Ultimate Holding Company**

Dana Incorporated

**b. Intermediate Holding Company**

Fairfield Manufacturing Company Inc., U. S. A.

**c. Holding Company**

TH Licensing Inc., U. S. A.

**ii) Other Related Parties with whom transactions have taken place during the year:****Fellow Subsidiaries:**

Graziano Trasmissioni India (Private) Limited

Oerlikon Drive System (Suzhou) Co Limited

(earlier know as Oerlikon (China) Technology Co. Ltd.)

Oerlikon Graziano SPA

Dana Investment GMBH

GrazianoFairfield AG (Switzerland)

Dana Limited

Dana India Private Limited

Dana Graziano S.R.L

Dana Graziano (Suzhou) Drive System

Dana Spicer(Shanghai)Trading Co. Limited

Brevini(Yancheng) Planetary Drives Co Limited

Shanghai Brevini Gearbox Co. Limited

Dana (Wuxi) Technology Co Limited

Dana India Technical Centre Private Limited

Dana Italia S.R.L

**iii) Key management personnel:**

Mr. Sunil Sehgal	Chairman
Mr. Devanand E. Jacob	Managing Director
Mr. Marcus David King	Non-executive Director
Mr. Michael Andrew Campbell	Non-executive Director
Mr. Avinash P. Gandhi	Independent Director - w.e.f. 25/06/2019
Mr. Gajanan V. Gandhe	Non-executive Director - w.e.f. 12/10/2019
Mr. Rakesh Jinsi	Independent Director - w.e.f. 22/10/2019
Ms. Xian He	Additional Director - w.e.f. 07/01/2020

**iv) Entities where the related party as per (iii) above (ii) Key managerial personnel**

Sparsh welfare Trust

**B) Disclosure of related party transactions.**

Particulars	31 March 2020		31 March 2019	
	Entity having control over the Company	Fellow Subsidiaries	Entity having control over the Company	Fellow Subsidiaries
	(1)	(2)	(1)	(2)
<b>Sales of products (excluding taxes)</b>				
Fairfield Manufacturing Company Inc., U. S. A.	1,777,167,798	-	2,811,858,224	-
Graziano Trasmissioni India Private Limited	-	86,534,889	-	205,686,068
Oerlikon Drive System (Suzhou) Co Limited	-	345,607,488	-	803,055,064
Oerlikon Graziano SPA, Italy	-	13,297,425	-	109,495,383
Dana India Private Limited	-	7,343,788	-	309,255
Dana Graziano S.R.L.	-	155,391,160	-	-
Dana Graziano (Suzhou) Drive System	-	34,334,642	-	-
Dana Spicer(Shanghai)Trading Co. Limited	-	417,352,016	-	-
Brevini (Yancheng) Planetary Drives Co Limited	-	310,787,455	-	-
Shanghai Brevini Gearbox Co. Limited	-	43,638,438	-	-
Dana (Wuxi) Technology Co Limited	-	6,228,070	-	-
<b>Sales of Services</b>				
Fairfield Manufacturing Company Inc., U. S. A.	1,031,843	-	-	-
Graziano Trasmissioni India Private Limited	-	10,100,588	-	14,326,613
<b>Sales of Fixed Assets</b>				
Graziano Trasmissioni India Private Limited	-	15,278,005	-	16,135,784
<b>Reimbursement of expenses</b>				
Graziano Trasmissioni India Private Limited	-	4,060,406	-	1,243,670
Fairfield Mfg.Co.,Inc U.S.A	283,774	-	2,111,371	-

Dana India Private Limited	-	483,880	-	-
Oerlikon Drive System (Suzhou) Co Limited	-	0	-	117,063
<b>Purchase of Property, Plant and equipment</b>				
Fairfield Manufacturing Company Inc., U. S. A.	772,539	-	-	-
Graziano Trasmissioni India Private Limited	-	2,998,668	-	11,335,286
Graziano Transmission SPA	-	45,596,039	-	-
Dana India Private Limited	-	500,000	-	-
<b>Trade mark fees</b>				
OC Oerlikon Corporation AG, Switzerland*	-	-	23,273,628	-
Dana Limited	-	22,355,038	-	2,674,142
<b>Purchases of Services</b>				
Oerlikon Balzers Coating India Limited, India	-	-	-	26,515,723
Dana Limited	-	379,208	-	-
Graziano Trasmissioni India Private Limited	-	-	-	500,000
<b>Purchases of Goods</b>				
Fairfield Manufacturing Company Inc., U. S. A.	11,475,570	-	5,522,614	-
Dana India Private Limited	-	525,300	-	-
Brevini(Yancheng) Planetary Drives Co Limited	-	642,337	-	-
Dana Spicer(Shanghai)Trading Co. Limited	-	152,816	-	-
Oerlikon Drive System (Suzhou) Co Limited	-	286,565	-	-
Graziano Trasmissioni India Private Limited	-	10,943,228	-	36,717,537
<b>Development Tooling Income</b>				
Fairfield Manufacturing Company Inc., U. S. A.	-	-	1,249,406	-
Graziano Trasmissioni India Private Limited	-	3,783,043	-	936,037
<b>Management fees</b>				
Dana Investment GMBH**	-	8,569,632	-	1,216,789
Dana Limited	-	29,136,958	-	-
Dana India Technical Centre Private Limited	-	3,394,423	-	-
Dana Italia S.R.L	-	12,447,413	-	-
GrazianoFairfield AG**	-	-	-	35,128,405
<b>Information Technology Services</b>				
Oerlikon IT Solutions Ltd. PFA*	-	-	-	26,144,431
Oerlikon Textile India Limited Ltd.*	-	-	-	307,603
Oerlikon Balzers Coating India Limited, India*	-	-	-	1,545,910

**Transactions with Key Managerial Personnel**

<b>Particulars</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Mr. Devanand E. Jacob		
- Short term employment benefits	11,410,859	9,579,208
- Long term employment benefits***	(1,451,337)	324,970
- Post employment benefits***	320,005	52,362
Mr. Avinash Prakash Gandhi		
- Director sitting fees	340,000	-
Mr. Rakesh Jinsi		
- Director sitting fees	80,000	-
Mr. J. M. Mapgaonkar		
- Director sitting fees		200,000
Mr. Keshwa N. Rattan		
- Director sitting fees		200,000
		-

**c) Outstanding balances arising from sales/purchase of goods and Services / Assets**

<b>Particulars</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Trade payables</b>		
Dana Limited	32,862,211	-
Fairfield Manufacturing Company Inc., U. S. A.	7,291,797	1,863,319
Graziano Trasmissioni India Private Limited	11,381,656	(28,355)
Dana India Technical Centre Private Limited	363,532	-
Dana Investment GMBH	4,395,949	1,095,048
GrazianoFairfield AG (Switzerland)	-	31,615,534
Dana Spicer(Shanghai)Trading Co. Limited	162,368	-
Oerlikon Drive System (Suzhou) Co Limited	443,436	120,303
Brevini(Yancheng) Planetary Drives Co Limited	663,186	-
Dana Italia S.R.L	11,242,396	-
	<b>68,786,531</b>	<b>34,665,849</b>

<b>Trade receivables</b>		
Fairfield Manufacturing Company Inc., U. S. A.	437,103,283	664,320,490
Dana India Private Limited	5,031,007	2,092,319
Dana Graziano S.R.L	44,193,126	-
Dana Spicer(Shanghai)Trading Co. Limited	121,132,385	-
Graziano Trasmissioni India Private Limited	12,572,205	8,612,400
Dana Graziano (Suzhou) Drive System	2,970,067	
Oerlikon Drive System (Suzhou) Co Ltd.	2,411,063	265,727,905
Brevini(Yancheng) Planetary Drives Co Limited	105,348,586	-
Shanghai Brevini Gearbox Co. Limited	10,539,683	-
Oerlikon Graziano SPA	(57,522)	20,959,408
	<b>741,243,883</b>	<b>961,712,522</b>

Capital Advance		
Oerlikon Graziano SPA	-	12,915,194
	-	<b>12,915,194</b>

d) **Terms and conditions**

All transactions with related parties were entered in the normal commercial terms and conditions. All outstanding balances are unsecured and repayable in cash.

**Note:-**

The transactions with the related parties are disclosed up to/from the date the related party relationship ceased/came in existence. The year end balances are disclosed considering the related party relationship status as at the year end.

**Notes:**

- \* Perquisites to KMP have been valued as per Income-tax Act, 1961 and rules framed thereunder or at actual as the case may be.
- \*\* Disclosed based on the details provided by actuary on estimated basis.

e) **Duration of the contracts/arrangements/transactions**

The transactions pertain to the year 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020

- f) **Dates of Approval of the Board if, any-** Nil as the contracts are in ordinary course of business and at arm's length basis.

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

Place: Devarwadi  
Date: 26<sup>th</sup> October, 2020

**SUNIL SEHGAL**  
Chairman

**ANNEXURE- II**  
**CSR Report 2019-20**

**Report on Corporate Social Responsibility as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules 2014**

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's Corporate Social Responsibility ("CSR") Policy encompasses the philosophy for delineating its responsibility as a social corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the underprivileged group of Urban and Rural community.

**In line with this statement, the Company's CSR Objectives are :**

- To enhance value creation in the society through the Company's CSR initiatives and projects;
- To develop sustainable projects through responsible business practices and good governance;
- To design a process for and ensure an increased commitment at all levels in the organization towards social responsibility; and
- To involve its stakeholders and create a support in the process of social transformation
- **Accordingly the Company's CSR Policy will focus on**
- Promotion of Education
- Empowerment of Women
- Promotion of Health Care
- Developing source of pure drinking water specifically in rural areas
- Working with elderly citizens and supporting old age homes
- Skill Development
- Environment sustainability and community development and projects
- Promotion and development of traditional arts and handicrafts
- Promotion of sports for the underprivileged group.

Web link: [www.dana.com/arazianofairfield/](http://www.dana.com/arazianofairfield/)

2. **Composition of CSR Committee**

Sr	Name	Designation
1	Mr. Sunil Sehgal	Chairman
2	Mr. Devanand. E. Jacob	Member
3	Mr. Avinash Gandhi	Member

3. **Average Net Profits for the last three financial years**

For financial year ended	Net Profits (Rs. In lakhs)	Average Net Profits for preceding three financial years ( Rs. In lakhs)
31 <sup>st</sup> March, 2019	Rs.8,596.00	Rs. 6,128.00
31 <sup>st</sup> March, 2018	Rs.4,699.00	
31 <sup>st</sup> March, 2017	Rs. 5,087.00	

4. Prescribed CSR expenditure (2% of Average Net Profits) : Rs.122.55 lakhs

5. Details of CSR spent during the financial year:

a. Total amount to be spent for the financial year: Rs. 122.55 lakhs

b. Amount unspent, if any: Rs. 42.55 lakhs

c. Manner in which the amount is spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (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 up to the reporting period	Amount spent : Direct or through implementing agency*
1	Primary Education	Promoting Education	Kolhapur, Maharashtra & Sanand, Gujarat	12,255,000	8,000,000	8,000,000	Through Company Trust
2	Vocational Training & Women Empowerment	Employment Enhancing Vocation Skills & Empowering Women					
3	Health & Care	Promoting Health Care & pure drinking water					
4	Rural Development & Welfare	Sanitation & Rural Development					
5	Environment & Disaster Management	Ensuring Environmental sustainability					
<b>Total</b>				<b>12,255,000</b>	<b>8,000,000</b>	<b>8,000,000</b>	

6. In case the Company has failed to spend the two per cent of average net profits of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

The company has started various projects under CSR; however, Pond development work are not being completed during the year since they were filled-up with water due to uncertain rain. Company has already taken steps to spend this unused amount in the coming year.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:

We hereby confirm that the implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Company.

**For and on behalf of the Corporate Social Responsibility Committee**

**Avinash Gandhi**  
Member (CSR Committee)

**Devanand Jacob**  
Managing Director

**Sunil Sehgal**  
Chairman

Place: Devarwadi  
Date: 26<sup>th</sup> October, 2020

**ANNEXURE- III**

**Statement of Particulars of Employees Pursuant to Provisions of Section 197(12) of the Companies Act 2013 read with the Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31-03-2020**

- a) Employed throughout the financial year and was in receipt of remuneration for the year in aggregate of not less than Rs.102/- Lakhs

S No	Name and Designation	Remuneration Received in Rupees lakhs	Nature of Employment	Qualifications and experience of Employee	Date of commencement of employment	Age In years	Last employment held before joining this company	The percentage of equity shares held within the meaning of clause(iii) of subrule (2) of Rule 5	Whether is a relative of any director or manager of the Company
1	Devanand Edwin Jacob - Managing Director	114.11	Contractual	B.E - 26 years	01/Feb/1993	51	NA	N.A.	N.A.

- b) Employed for a part of the financial year and was in receipt of remuneration at a rate in aggregate not less than Rs. 8.50/- lakhs per month : - NIL
- c) Employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company-N. A.
- d) Top ten employees in team for Remuneration:

S No	Name and Designation	Remuneration Received in Rupees lakhs	Nature of Employment	Qualifications and experience of Employee	Date of commencement of employment	Age In years	Last employment held before joining this company	The percentage of equity shares held within the meaning of clause(iii) of subrule (2) of Rule 5	Whether is a relative of any director or manager of the Company
1	Devanand Edwin Jacob - Managing Director	114.11	Contractual	B.E - 26 years	01/Feb/1993	51	NA	N.A.	N.A.
2	Vinayagamoorthy Amma Muthu - Associate Vice President	50.98	Contractual	Diploma in Mech Engg , PG Diploma in Mnaf. Mgt - 25 Years	26/Sep/2003	48	RSB Transmission (I) Ltd	N.A.	N.A.
3	Vijay Kumar Sinha - General Manager	52.58	Contractual	BSC Maths , CWA - 25 Years	05/Oct/2015	49	Helical Springs / Manesar, Gurgaon	N.A.	N.A.
4	Suryakant Dadu Mane - General Manager	25.76	Contractual	Dilpma in Mech - 27 Years	01/Nov/1992	47	Singg Engg Work (training) / 10 months	N.A.	N.A.



5	Nuthi Eswara Rao - Assistant General Manager	23.98	Contractual	Diploma in Metallurgical Engg - 23 Years	30/Aug/2014	45	Hitech Gears Ltd.	N.A.	N.A.
6	Gopakumar Madhavan Menon - Assistant General Manager	23.66	Contractual	BE Electronics - 27 Years	12/Oct/2008	52	Enkei Cast Alloy Limited / Pune	N.A.	N.A.
7	George Cajitan Fernandes - Deputy General Manager	20.54	Contractual	BCOM / SSLC / PUC - 28 Years	01/Dec/1993	49	NA	N.A.	N.A.
8	Sanjay Dattu Nerale - Deputy General Manager	21.02	Contractual	Dip in Mech Engg - 27 Years	01/Dec/1992	49	Trainee Engineer / One Year at Halshidhnath Sugar Factory, Nipani	N.A.	N.A.
9	Anil M Game - Assistant General Manager	24.66	Contractual	PGDBM & Engg in Industrial Engg - 22 Years	01/Jun/2017	41	Assistant General Manager at Graziano	N.A.	N.A.
10	Mallikarjun Ishwarappa Shivashimpar - Assistant General Manager	19.99	Contractual	B.E. Mechanical- 28 Years	01-Jun-1993	53	Kalbabh Automobiles, Belgaum	N.A.	N.A.

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

Place: Devarwadi  
Date: 26<sup>th</sup> October, 2020

**SUNIL SEHGAL**  
Chairman

## ANNEXURE- IV

**CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

**Section 134(3) (m) of the Companies Act 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is forming part of the Directors Report for the financial year ended 31<sup>st</sup> March, 2020**

**(A) Conservation of Energy**

The Company is committed to energy and environment conservation and protection as an important aspect in its operations. Accordingly it has made efforts to monitor and improve energy performance. To this end energy efficiency initiatives have been implemented across its Plants. The Company will pursue its efforts at energy conservation in future by taking other measures on energy saving. Few of such steps and initiatives that have been taken on energy conservation are listed below:

**(i) The steps taken/impact on conservation of energy****Energy Conservation Activities**

- Introduced VFD to 25 HP motor to Broaching machine.
- Installed Energy Efficient Motors 7.5 HP to Shaping machine-2 Nos
- Replaced High 60 HP Motor with 25 HP Motor on Broaching Machine.
- Installed solar water heating system to washing machine.
- Installation of constant UPS voltage to lighting system
- LED tubes in shop floor without affecting the lux level.
- LED street lights installed in plant.
- Reduction of Transformer Losses by staggering transformer load.
- Conducted Energy Audit of entire compressed air system including compressors, distribution and consumption points.
- Open loop lubrication to closed loop lubrication system on 2 Nos of shaping machine for saving of lubrication oil.
- Maintained power factor as Unity throughout the year.
- Phase wise implementation of IE3 grade energy efficient motors.
- Reduction of Air consumption in Assembly by implementing Battery operated Nut runners

**Proposed Energy Conservation Activities**

- Thyristorised power controllers for Heating system.
- Air net piping system in machine shop.
- Centralized compressor network system in DTA plant.
- Replacement of conventional transformer of 2500 KVA with OLTC transformer for reduction in losses and constant voltage.
- Temperature monitoring with VFD to Cooling tower
- Introduction of heat pump to washing machine.

**(ii) The steps taken by the Company for utilizing Alternate sources of Energy:**

During the financial year under review the Company did not have any plans for utilizing alternate sources of energy.

(iii) The capital investments on energy conservation equipment's:

No specific investments on energy conservation equipment's made during the year

**(B) Technology Absorption**

(i) The efforts made towards technology absorption : NIL

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: NIL

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : No Technology has been imported during last three years

(iv) The expenditure incurred on Research and Development: NIL

**(C) Foreign Exchange Earnings and outgo**

The foreign exchange earnings is Rs.31,924.83 Lakhs and outgo is Rs.6,046.53 Lakhs.

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

Place: Devarwadi  
Date: 26<sup>th</sup> October, 2020

**SUNIL SEHGAL**  
Chairman

**ANNEXURE- VI**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

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

To,  
The Members,  
**FAIRFIELD ATLAS LIMITED**  
Survey No. 157, Devarwadi Village,  
Chandgad Taluk,  
Dist. Kolhapur – 416507.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **FAIRFIELD ATLAS LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2020** complied with the statutory provisions of the applicable Acts listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **FAIRFIELD ATLAS LIMITED** 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 Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- iii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable.
- iv. We have also examined compliance with the applicable clauses of the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

The Company being in business of an Automotive Transmission Gears and Gear boxes (Manufacturing Industry), there are no specific applicable laws to the Company, which requires approvals or compliances under any Act or Regulations.

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

We report that during the conduct of the audit, in our opinion, adequate systems exist in the Company to monitor and ensure compliance with general laws.

We report that the Compliance by the Company of applicable financial laws, like direct, indirect tax laws and Goods and Service Tax has not been reviewed in this Audit since the same has been subject to review by statutory financial auditor and other designated professionals.

We further report that -

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notices are given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and

clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority of the decisions being carried through were captured and recorded as part of the minutes.

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

As informed, the Company has not received any notices from the statutory / regulatory authorities during the year.

**For GMJ & ASSOCIATES**

**Company Secretaries**

**[SONIA CHETTIAR]**

**PARTNER**

**ACS: 27582 COP: 10130**

**UDIN :A027582B001065091**

**PLACE:** Mumbai

**DATE:** 26<sup>th</sup> October,2020

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

**ANNEXURE A**

**To,  
The Members,  
FAIRFIELD ATLAS LIMITED**

Survey. No. 157, Devarwadi Village, Chandgad Taluk,  
Dist: Kolhapur-416507.

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. Due to the outbreak of COVID -19 pandemic and the current lockdown in the entire country, physical examination of documents under Companies Act, 2013 and other laws is not possible; we have therefore relied upon the documents provided by the Company in electronic mode for Audit purpose.

**For GMJ & ASSOCIATES  
Company Secretaries  
[SONIA CHETTIAR]  
PARTNER  
ACS: 27582 COP: 10130  
UDIN :A027582B001065091**

**PLACE:** Mumbai

**DATE:** 26<sup>th</sup> October,2020

## Independent auditor's report

### To the Members of Fairfield Atlas Limited Report on the audit of the financial statements

#### Opinion

1. We have audited the accompanying financial statements of Fairfield Atlas Limited (the "Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

#### Basis for opinion

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

#### Emphasis of Matter

4. We draw your attention to Note 38 to the Financial Statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (COVID-19) on the business operations of the Company. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

#### Other Information

5. 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 financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 and those charged with governance for the financial statements

6. 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate

accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the 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 financial statements**

8. Our objectives are to obtain reasonable assurance about whether the 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 financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. 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.
11. 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.



**Report on other legal and regulatory requirements**

12. 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 B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
13. 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, except that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
  - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - 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 maintenance of accounts and other matters connected therewith, reference is made to our comment in paragraph (b) above that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
  - g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"
  - 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, 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 financial statements. Refer Note 17 and 34 to the financial statements.
    - ii. The Company has long-term contracts including derivative contracts as at March 31, 2020 for which there are no material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.
    - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020
14. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Vivian Pillai**

Partner

Membership Number: 127791

UDIN: 20127791AAAADX3725

Place: Pune

Date: 26<sup>th</sup> October, 2020

## **Annexure A to Independent Auditors' Report**

### **Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of Fairfield Atlas 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**

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

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to financial statements**

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

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

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

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to 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. Also refer paragraph 4 of the main audit report.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Vivian Pillai**

Partner

Membership Number: 127791

UDIN : 20127791AAAADX3725

Place: Pune

Date: 26<sup>th</sup> October, 2020

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Fairfield Atlas Limited on the financial statements as of and for the year ended March 31, 2020

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
  - (c) The title deeds of immovable properties, as disclosed in Note 4 – Property, Plant and Equipment's and Intangible Assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and goods and service tax, though there has been a slight delays in a few cases, and is regular in depositing undisputed statutory dues, including employees' state insurance, duty of customs, provident fund, cess and other material statutory dues, as applicable, with the appropriate authorities.
  - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of value added tax and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise as at March 31, 2020, which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Gross Amount (Rs. Millions)	Amount paid under protest (Rs. Millions)	Period to which the amount relates	Forum where the dispute is pending
The Bombay Sales Tax Act, 1959	Sales Tax	2.12	-	FY 1998 - 99	The High Court
The Central Sales Tax, 1956	Central Sales Tax	53.01	39.28	FY 2009-2010, 2012-2013, 2013-2014	The Deputy Commissioner of Sales tax (Appeal)
		23.86	18.49	FY 2010 - 2011, 2011 - 2012	The Sales Tax Tribunal
		49.35	42.21	FY 2014-2015, 2015 - 2016	The Joint Commissioner of Sales tax (Appeal)

The Central Excise Act, 1944	Excise Duty	5.57	-	April 2003 to March 2007	The Commissioner of Central Excise
		26.08	-	April 2015 to March 2016	The Commissioner of Central GST
The Customs Act, 1962	Customs Duty	0.62	-	March 2018	The Deputy Commissioner of Customs
The Income Tax Act, 1961	Income Tax	1.37	-	FY 2007- 08, 2010 – 11	The Assistant Commissioner of Income Tax
		94.71	-	FY 2008-09, 2011 – 12	The Income Tax Appellate Tribunal
		9.58	-	FY 2009 – 10	The High Court
		0.22	-	FY 2012-13	The Assistant Commissioner of Income Tax, Transfer Pricing

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N-500016

**Vivian Pillai**

Partner

Membership Number: 127791

UDIN : 20127791AAAADX3725.

Place: Pune

Date: 26<sup>th</sup> October, 2020

**Balance sheet as at 31 March 2020**

(All amounts in INR millions, unless otherwise stated)

	Notes	31 March 2020	31 March 2019
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
Property, plant and equipment	4	<b>1,641.68</b>	1,473.26
Capital work-in-progress		<b>120.72</b>	166.56
Intangible assets	4	<b>1.93</b>	3.74
Income tax assets (net)	5	<b>70.12</b>	64.30
Deferred tax assets (net)	6	<b>83.53</b>	104.39
Other non-current assets	7	<b>198.90</b>	404.72
<b>Total non-current assets</b>		<b>2,116.88</b>	2,216.97
<b>II. Current assets</b>			
Inventories	8	<b>726.87</b>	814.06
<b>Financial assets</b>			
(i) Trade receivables	9	<b>1,033.31</b>	1,360.78
(ii) Cash and cash equivalents	10(a)	<b>1,127.56</b>	216.55
(iii) Bank balances other than (ii) above	10(b)	<b>38.26</b>	78.89
(iv) Other financial assets	11	<b>6.64</b>	25.84
Other current assets	7	<b>188.92</b>	291.19
<b>Total current assets</b>		<b>3,121.56</b>	2,787.31
<b>Total assets</b>		<b>5,238.44</b>	5,004.28
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	12(a)	<b>273.21</b>	273.21
Other equity	12(b)	<b>3,865.84</b>	3,345.04
<b>Total equity</b>		<b>4,139.05</b>	3,618.25
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
Employee benefit obligation	18	<b>78.71</b>	92.36
Provisions	13	<b>32.46</b>	-
<b>Total non-current liabilities</b>		<b>111.17</b>	92.36
<b>II. Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Trade payables	14		
Total outstanding dues of micro enterprises and small enterprises; and		<b>23.57</b>	8.71
Total outstanding dues of creditors other than micro enterprise and small enterprises		<b>564.59</b>	788.39
(ii) Other financial liabilities	15	<b>100.11</b>	119.96
Employee benefit obligation	18	<b>34.73</b>	25.35
Current tax liabilities (net)	5	<b>44.00</b>	0.79
Other current liabilities	16	<b>21.54</b>	26.49
Provisions	17	<b>199.68</b>	323.98
<b>Total current liabilities</b>		<b>988.22</b>	1,293.67
<b>Total liabilities</b>		<b>1,099.39</b>	1,386.03
<b>Total equity and liabilities</b>		<b>5,238.44</b>	5,004.28

The above Balance sheet should be read in conjunction with the accompanying notes.

The accompanying notes are an integral part of these financial statements.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration number : 012754N/N500016

**Vivian Pillai**

Partner

Membership No. 127791

**For and on behalf of the Board of Directors of  
Fairfield Atlas Limited**
**Sunil Sehgal**

Chairman

DIN: 05121461

**D.E. Jacob**

Managing Director

DIN:02387819

**Vijay Sinha**

Chief Financial Officer

**Pandharinath Patil**

Company Secretary

Place :Pune

 Date : 26<sup>th</sup> October,2020

Place : Devarwadi

 Date : 26<sup>th</sup> October,2020

**Statement of profit and loss for the year ended 31 March 2020**

(All amounts in INR millions, unless otherwise stated)

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	19	4,697.13	6,179.40
Other income	20	317.03	36.92
<b>Total income</b>		<b>5,014.16</b>	<b>6,216.32</b>
<b>Expenses</b>			
Cost of materials consumed	21	2,390.17	3,538.90
Changes in inventories of work-in-progress and finished goods	22	158.56	(21.42)
Employee benefit expense	23	531.04	494.26
Finance costs	26	0.67	0.79
Depreciation and amortisation expense	24	334.56	281.32
Other expenses	25	821.86	1,024.91
Provision for contingencies	13	41.03	46.66
<b>Total expenses</b>		<b>4,277.89</b>	<b>5,365.42</b>
<b>Profit before tax</b>		<b>736.27</b>	<b>850.90</b>
Income tax expense	27		
-Current tax		191.99	319.06
-Deferred tax		21.52	(16.46)
<b>Total tax expense</b>		<b>213.51</b>	<b>302.60</b>
<b>Profit for the year</b>		<b>522.76</b>	<b>548.30</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligations - gain/(loss)		(2.62)	(1.42)
Income tax related to the above item		0.66	0.50
<b>Other comprehensive income for the year, net of tax</b>		<b>(1.96)</b>	<b>(0.92)</b>
<b>Total comprehensive income for the year</b>		<b>520.80</b>	<b>547.38</b>
<b>Earnings per share</b>			
Basic and diluted (face value of INR 10 per share) - in INR	33	19.13	20.07

The above Statement of profit and loss should be read in conjunction with the accompanying notes. This is the statement of profit and loss referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration number : 012754N/N500016

**For and on behalf of the Board of Directors of  
Fairfield Atlas Limited**

**Vivian Pillai**  
Partner  
Membership No. 127791

**Sunil Sehgal**  
Chairman  
DIN: 05121461

**D.E. Jacob**  
Managing Director  
DIN:02387819

**Vijay Sinha**  
Chief Financial Officer

**Pandharinath Patil**  
Company Secretary

Place : Pune  
Date : 26<sup>th</sup> October, 2020

Place : Devarwadi  
Date : Date: 26<sup>th</sup> October, 2020

**Statement of cash flows**

(All amounts in INR millions, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash flow from operating activities</b>		
Profit before income tax	736.27	850.90
Adjustments for :		
Depreciation and amortisation expense	334.56	281.32
Interest income classified as investing cash flows	(17.52)	(9.56)
Gain on disposal of property, plant and equipment	(0.40)	(4.84)
Provision for doubtful receivables written back	(2.57)	-
Provision for contingencies	41.03	46.66
Provisions written back to the extent no longer required	(161.12)	-
Finance costs	0.67	0.79
Fair value losses/(gain) on derivatives not designated as hedges	(4.31)	(19.31)
Net exchange differences	(38.21)	18.72
<b>Changes in operating assets and liabilities :</b>		
(Increase) / decrease in trade receivables	361.20	(525.59)
(Increase) / decrease in inventories	87.20	(45.73)
Increase / (decrease) in trade payables	(208.94)	(125.06)
(Increase) / decrease in other financial assets	23.52	0.05
Increase / (decrease) in other financial liabilities	(3.60)	(5.65)
(Increase) / decrease in other assets	140.25	357.79
Increase / (decrease) in provisions	21.34	(10.23)
Increase / (decrease) in current liabilities	(4.94)	3.63
(Increase) / decrease in other bank balances	37.91	(40.30)
<b>Cash generated from operations</b>	<u>1,342.34</u>	<u>773.58</u>
Income taxes paid	(154.60)	(318.33)
<b>Net cash inflow from operating activities</b>	<u>1,187.74</u>	<u>455.24</u>
<b>Cash flows from investing activities :</b>		
Payments for property, plant and equipment	(306.01)	(664.53)
Proceeds from sale of property, plant and equipment	2.66	21.23
Interest received	20.24	7.79
<b>Net cash outflow from investing activities</b>	(283.11)	(635.51)
<b>Cash flow from financing activities :</b>		
Interest paid	(0.67)	(0.79)
Net cash out flow from financing activities	(0.67)	(0.79)
Net increase / (decrease) in cash and cash equivalents	903.96	(181.06)
Effects of exchange rate changes on cash and cash equivalents	7.05	2.14
<b>Cash and cash equivalents at the end of the year</b>	<u>1,127.56</u>	<u>216.55</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

This is the statement of cash flow referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
 Firm Registration number : 012754N/N500016

**For and on behalf of the Board of Directors of  
 Fairfield Atlas Limited**

**Vivian Pillai**  
 Partner  
 Membership No. 127791

**Sunil Sehgal**  
 Chairman  
 DIN: 05121461

**D.E. Jacob**  
 Managing Director  
 DIN:02387819

**Vijay Sinha**  
 Chief Financial Officer

**Pandharinath Patil**  
 Company Secretary

Place :Pune  
 Date :26/10/2020

Place : Devarwadi  
 Date :26/10/2020



**Statement of changes in equity for the year ended 31 March 2020**

(All amounts in INR millions, unless otherwise stated)

**A. Equity share capital**

	<b>Notes</b>	<b>Amount</b>
As at 1 April 2018		273.21
Changes in equity share capital	12(a)	-
As at 31 March 2019		273.21
Change in equity share capital	12(a)	-
As at 31 March 2020		273.21

**B. Other Equity**

	<b>Reserves and surplus</b>
As at 1 April 2018	2,797.66
Profit for the year	548.30
Other comprehensive income	(0.92)
Total comprehensive income for the year	547.38
Balance as at 31 March 2019	3,345.04
Profit for the year	522.76
Other comprehensive income	(1.96)
Total comprehensive income for the year	520.80
Balance as at 31 March 2020	3,865.84

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration number : 012754N/N500016  
**Chartered Accountants**

**For and on behalf of the Board of Directors of  
Fairfield Atlas Limited**

**Vivan Pillai**  
Partner  
Membership No. 127791

**Sunil Sehgal**  
Chairman  
DIN: 05121461

**D.E. Jacob**  
Managing Director  
DIN:02387819

**Vijay Sinha**  
Chief Financial Officer

**Pandharinath Patil**  
Company Secretary

Place : Pune  
Date : Date:26<sup>th</sup> October,2020

Place : Devarwadi  
Date : Date:26<sup>th</sup> October,2020

**Notes to the financial statements For the year ended 31st March 2020**

(All amounts in INR millions, unless otherwise stated)

**Note1. General Information**

Fairfield Atlas Limited (the 'Company') is primarily engaged in manufacturing and selling of automotive transmission gears and gears assemblies. The Company has a manufacturing plant located in Chandgad, Maharashtra and it sells its products within India as well as in other countries.

**Note2. Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation****(i) Compliance with Ind AS**

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

**(ii) Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) are measured at fair value;
- defined benefit plans – plan assets measured at fair value.

**(iii) Current/non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

**(iv) New and amended standards adopted by the Company**

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2019:

- Ind AS 116, Leases
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes
- Plan Amendment, Curtailment or Settlement – Amendments to IND AS 19, Employee Benefits
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 23, Borrowing Costs

The Company had to change its accounting policies as a result of adopting Ind AS 116. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(b) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Managing Director of the Company is identified as the Chief operating decision maker. Refer note no.31 for segment information presented.

**(c) Foreign currency translation****(i) Functional and presentation currency**

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

**Notes to the financial statements For the year ended 31st March 2020**

(All amounts in INR millions, unless otherwise stated)

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income or other expenses as the case maybe.

**(d) Revenue from contracts with customers**

Revenue is recognized when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

The company applies the following five-step process before revenue can be recognized:

- (i) identify contracts with customers
- (ii) identify the separate performance obligation
- (iii) determine the transaction price of the contract
- (iv) allocate the transaction price to each of the separate performance obligations, and recognize the revenue as each performance obligation is satisfied.

Revenue recognition policy

The Company has only one stream of revenue:

**(i) Sale of goods**

For sale of gears/gear assemblies and tools, revenue is recognized at point in time when control of goods is transferred to the customer - based on delivery terms, payment terms, customer acceptance and other indicators of control as mentioned above.

**(e) Income tax**

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally

**Notes to the financial statements For the year ended 31st March 2020**

(All amounts in INR millions, unless otherwise stated)

enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(f) Leases**

Till 31 March 2019:

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

With effect from 1 April 2019:

As a lessee

From April 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company

Lease payments are allocated between the principal (liability) and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis

If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the lessee under residual value guarantees
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

## Notes to the financial statements For the year ended 31st March 2020

(All amounts in INR millions, unless otherwise stated)

- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Short-term leases are leases with a lease term of 12 months or less.

### (g) Impairment of assets

Property, plant and equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### (h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (i) Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less allowance for doubtful debts.

### (j) Inventories

Raw materials, stores and spares, work in progress and finished goods

Raw materials, stores and spares, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of First-In-First-Out ('FIFO'). Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Effective from previous financial year, the company had changed its accounting policy for recording consumption of certain stores and spares from issue basis to actual consumption basis, so as to match the consumption with the revenue generated. Management had taken the view that this policy provides reliable and more relevant information because it deals more accurately with the inventory consumption value. The policy had been applied prospectively from the start of FY 2018-2019 because it was not practicable to identify the amount of such tools inventory pending to be consumed in earlier years and applying the policy retrospectively. Accordingly, the adoption of the new policy had no effect on prior years. The effect on the previous year was to decrease in consumption of stores and spares expense by INR 34.28 millions.

**Notes to the financial statements For the year ended 31st March 2020**

(All amounts in INR millions, unless otherwise stated)

**(k) Other financial assets****(i) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

**(ii) Recognition**

Regular way purchases and sales of financial assets are recognized on trade-date, date on which the Company commits to purchase or sale the financial asset.

**(iii) Measurement**

At initial recognition, the company 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Debt instruments**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.
- **Financial assets at fair value through other comprehensive income (FVTOCI):** A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.
- **Financial assets at fair value through profit or loss (FVTPL):** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

**Equity instruments**

Equity instruments are measured at fair value except where management has elected to present fair value gain or losses on equity instruments in other comprehensive income.

**(iv) Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind

## Notes to the financial statements For the year ended 31st March 2020

(All amounts in INR millions, unless otherwise stated)

AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### (iv) De-recognition of financial assets

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights 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 entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised 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 recognised to the extent of continuing involvement in the financial asset.

### (v) Income recognition

Interest income

Interest income on deposits with banks is recognized on time proportionate basis by applying effective interest rate to the gross carrying amount.

## (l) Derivatives and hedging activities

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in Other income or Other expenses, as the case maybe.

The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

## (m) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## (n) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the company had elected to continue with the carrying value of all its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**Notes to the financial statements For the year ended 31st March 2020**

(All amounts in INR millions, unless otherwise stated)

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

<b>Class of Asset</b>	<b>Useful lives estimated by the management</b>
Building	30 years
Bore well	5 years
Plant and Machinery*	15 years
Office equipment	5 years
Furniture and Fixtures	10 years
Vehicles	8 years
Computers	3 years
Material handling equipment*	3 years
Tools*	3 years
Dies*	6 years

The useful lives have been determined based on technical evaluation carried out by the management's expert, which are in line with those specified by Schedule II to the Companies Act 2013 except for tools and dies, material-handling equipment, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/expenses.

\*Disclosed under the block of Plant & Equipments in Note No.4.

**(o) Intangible assets****(i) Computer software**

Computer softwares are shown at historical cost and are subsequently carried at cost less accumulated amortisation and impairment losses.

**(ii) Amortisation methods and periods**

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. The estimated useful lives of intangible assets are as follows:

<b>Class of Asset</b>	<b>Useful Life (in years)</b>
Computer Software	6 years

**(iii) Transition to Ind AS**

On transition to Ind AS, the group has elected to continue with the carrying value of all of intangible assets measured as per the previous GAAP and use that carrying value as the deemed cost of intangible ssets.

**(p) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current



## Notes to the financial statements For the year ended 31st March 2020

(All amounts in INR millions, unless otherwise stated)

liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### (q) Provisions and contingent liabilities

Provisions for legal claims and other provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### (r) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts 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

The liabilities for earned leave, casual leave and sick leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are disclosed as other long term benefits. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields in government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

#### (iii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity and
- (b) defined contribution plans such as provident fund.

##### Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

**Notes to the financial statements For the year ended 31st March 2020**

(All amounts in INR millions, unless otherwise stated)

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) **Bonus plans**

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**(s) Earnings per share**

(i) **Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) **Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(t) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

**Note 3. Critical estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

**Judgements**

No significant judgements have been identified for applying the accounting policies adopted by management.

**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

## Notes to the financial statements For the year ended 31st March 2020

(All amounts in INR millions, unless otherwise stated)

circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### 1. Estimation of defined benefit obligation

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include determination of the discount rate, future salary increase and mortality rates. Due to the complexities involved in the valuation 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. The parameter which is most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds. The mortality rate is based on Indian Assured Lives Mortality (2006-08) Ultimate. These mortality tables tend to change only at the interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

### 2. Useful lives of property, plant and equipment and intangible assets

The Company determines based on independent technical assessment, the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortization. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortization charge would be adjusted where the management believes the useful lives differ from previous estimates.

### 3. Contingencies

The Company has received orders and notices from tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

### 4. Deferred Taxes

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

### 5. Fair value measurement of financial instruments

When the fair values of derivative assets/liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured based on the available observable data (e.g. based on the forward exchange rates). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

### 6. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**Notes to Financial Statements for the year ended 31 March 2020**

(All amounts in INR millions, unless otherwise stated)

**Note 4. Property plant and equipment and Intangible assets**

	Freehold Land	Borewell	Factory building	Plant and equipments	Office equipments	Furniture and fittings	Computer	Vehicles	Total	Intangible assets - Computer Software
Year ended 31 March 2019										
Gross carrying amount	9.76	0.56	284.15	1,276.38	22.24	17.86	11.71	7.72	1,630.38	9.75
Opening gross carrying amount	-	-	42.38	500.05	5.21	2.26	7.73	6.60	564.23	-
Additions	-	-	-	(24.00)	(0.64)	(0.04)	-	-	(24.68)	-
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>9.76</b>	<b>0.56</b>	<b>326.53</b>	<b>1,752.43</b>	<b>26.81</b>	<b>20.08</b>	<b>19.44</b>	<b>14.32</b>	<b>2,169.93</b>	<b>9.75</b>
Accumulated depreciation/amortisation										
Opening accumulated depreciation/amortisation	-	0.43	21.44	381.31	10.67	3.86	5.93	1.87	425.51	4.14
Depreciation/amortisation charge for the year	-	0.05	11.25	254.45	5.22	2.22	4.62	1.64	279.45	1.87
Disposals	-	-	-	(7.72)	(0.54)	(0.03)	-	-	(8.29)	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>0.48</b>	<b>32.69</b>	<b>628.04</b>	<b>15.35</b>	<b>6.05</b>	<b>10.55</b>	<b>3.51</b>	<b>696.67</b>	<b>6.01</b>
<b>Net carrying amount</b>	<b>9.76</b>	<b>0.08</b>	<b>293.84</b>	<b>1,124.39</b>	<b>11.46</b>	<b>14.03</b>	<b>8.89</b>	<b>10.81</b>	<b>1,473.26</b>	<b>3.74</b>
Year ended 31 March 2020										
Gross carrying amount	9.76	0.56	326.53	1,752.43	26.81	20.08	19.44	14.32	2,169.93	9.75
Opening gross carrying amount	-	-	17.43	481.75	1.72	0.69	1.26	0.57	503.41	-
Additions	-	-	-	(1.45)	(0.24)	(0.04)	-	(0.82)	(2.56)	-
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>9.76</b>	<b>0.56</b>	<b>343.96</b>	<b>2,232.73</b>	<b>28.30</b>	<b>20.72</b>	<b>20.71</b>	<b>14.07</b>	<b>2,670.79</b>	<b>9.75</b>
Accumulated depreciation/amortisation										
Opening accumulated depreciation/amortisation	-	0.48	32.69	628.04	15.35	6.05	10.55	3.51	696.67	6.01
Depreciation/amortisation charge for the year	-	0.04	12.42	307.39	4.01	2.33	4.62	1.94	332.75	1.81
Disposals	-	-	-	(0.12)	(0.03)	(0.02)	-	(0.13)	(0.30)	-
<b>Closing accumulated depreciation/ amortisation</b>	<b>-</b>	<b>0.52</b>	<b>45.11</b>	<b>935.31</b>	<b>19.33</b>	<b>8.36</b>	<b>15.16</b>	<b>5.32</b>	<b>1,029.12</b>	<b>7.82</b>
<b>Net carrying amount</b>	<b>9.76</b>	<b>0.04</b>	<b>298.84</b>	<b>1,297.42</b>	<b>8.97</b>	<b>12.36</b>	<b>5.54</b>	<b>8.75</b>	<b>1,641.68</b>	<b>1.93</b>

Note:

1. Capital work-in-progress as at the year end mainly comprises of plant and machinery.
2. Refer note 34 for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Note 5. Current tax assets (net)/Current tax liabilities (net)**

	As at 31 March 2020	As at 31 March 2019
Opening balance		
- Income tax asset	64.30	83.24
- Current tax liabilities	(0.79)	(19.00)
Add: Taxes paid	154.60	318.33
Less: Current tax payable for the year (net of earlier years)	(191.99)	(319.06)
<b>Total</b>	<b>26.12</b>	<b>63.51</b>
<b>Presented as:</b>		
Assets for current tax (net)	70.12	64.30
Current tax liabilities (net)	(44.00)	(0.79)

**Note 6. Deferred tax asset/liability (net)**

The balance of deferred tax comprises temporary differences attributable to:

	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax assets</b>		
Provision for employee benefits	56.17	41.13
Provision for doubtful receivables / advances	1.18	3.36
Provision for Warranty	8.17	-
Provision for contingencies	32.70	113.21
	<b>98.22</b>	<b>157.70</b>
<b>Deferred tax liabilities</b>		
Provision for depreciation and amortisation	13.60	46.56
Fair valuation of derivative instruments	1.09	6.75
	<b>14.69</b>	<b>53.31</b>
<b>Total deferred tax (assets)/liabilities</b>	<b>(83.53)</b>	<b>(104.39)</b>

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Changes in Deferred tax assets/(liabilities) in Statement of Profit and Loss [charged/(credited) during the year]**

	<b>Year Ended 31 March 2020</b>	<b>Year Ended 31 March 2019</b>
Provision for employee benefits	(14.36)	12.03
Provision for doubtful receivables/advances	2.18	(1.40)
Provision for contingencies	80.51	(49.64)
Provision for Warranty	(8.17)	-
Provision for depreciation and amortisation	(32.96)	13.07
Fair valuation of derivative instruments	(5.66)	9.50
<b>Total</b>	<b>21.52</b>	<b>(16.44)</b>

**Changes in Deferred tax assets/(liabilities) in Other Comprehensive Income [(charged)/credited during the year]**

	<b>Year Ended 31 March 2020</b>	<b>Year Ended 31 March 2019</b>
Provision for employee benefits	(0.66)	(0.50)
<b>Total</b>	<b>(0.66)</b>	<b>(0.50)</b>

**Note 7. Other assets**

	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>Non-Current (Unsecured, considered good)</b>		
Capital advances	4.43	172.25
Balances with government authorities	172.17	209.38
Prepaid expenses	-	0.60
Security deposit	22.30	22.49
<b>Total other non-current assets</b>	<b>198.90</b>	<b>404.72</b>
<b>Current (Unsecured and considered good, unless otherwise stated)</b>		
- Balances with government authorities	146.38	248.32
- Prepaid expenses	14.28	12.23
- Advance to suppliers		
- Considered good	17.06	19.29
- Considered doubtful	2.50	4.86
Less: Provision for doubtful advances	(2.50)	(4.86)
Net advance from suppliers	17.06	19.29
Advance to employees	11.05	10.84
Other receivables	-	0.33
Security deposit	0.15	0.18
<b>Total other current assets</b>	<b>188.92</b>	<b>291.19</b>

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Note 8. Inventories**

	As at 31 March 2020	As at 31 March 2019
Raw materials (includes in transit - 25.06 ; 31 March 2019 - Nil)	302.44	218.91
Work-in-progress	251.43	250.70
Finished goods (includes in transit - 27.61; 31 March 2019 - 120.33)	28.63	187.92
Stores and spares	144.37	156.53
<b>Total inventories</b>	<b>726.87</b>	<b>814.06</b>

**Amounts recognised in profit or loss**

Write-down of inventories of finished goods & raw materials amounted to 22.36 (31 March 2019 - 42.56) as at the period end. Accordingly, an amount of 20.20 (31 March 2019 - expense amounting to 12.84) was during the year written back and included in 'Change in inventories of work-in-progress and finished goods' in statement of profit and loss.

**Note 9. Trade receivables**

	As at 31 March 2020	As at 31 March 2019
Trade receivables	294.27	403.83
Receivables from related parties (refer note 32)	741.23	961.71
Less: Loss allowance	(2.19)	(4.76)
Total receivables	<b>1,033.31</b>	<b>1,360.78</b>
Break-up of security details		
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Un-secured	1,035.50	1,365.54
Trade receivables which have significant influence in credit risk	-	-
Trade receivables - credit impaired	-	-
Total	<b>1,035.50</b>	<b>1,365.54</b>
Loss allowance	(2.19)	(4.76)
<b>Total trade receivables</b>	<b>1,033.31</b>	<b>1,360.78</b>

**Note 10a. Cash and cash equivalents**

	As at 31 March 2020	As at 31 March 2019
Balances with banks		
In current accounts	160.78	89.13
In EEFC accounts	427.48	127.42
Deposits with maturity less than three months	539.30	-
<b>Total cash and cash equivalents</b>	<b>1,127.56</b>	<b>216.55</b>

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Note10b. Other bank balances**

	As at 31 March 2020	As at 31 March 2019
Deposits with maturity more than three months but less than 12 months	36.03	73.94
Interest accrued on bank deposits	2.23	4.95
<b>Total other bank balances</b>	<b>38.26</b>	<b>78.89</b>

Fixed deposits are under lien with bank for various bank guarantees issued.

**Note11. Other financial assets**

	As at 31 March 2020	As at 31 March 2019
<b>(i) Derivatives</b>		
Foreign exchange forward contracts	4.31	19.31
<b>(ii) Others</b>		
Other	2.33	6.53
<b>Total other financial assets</b>	<b>6.64</b>	<b>25.84</b>

**Note12. Equity share capital and other equity****12(a): Equity share capital**

Authorised equity share capital

	Number of shares of INR 10 each	Amount
As at 1st April 2018	28,000,000	280.00
Change during the year	-	-
<b>As at 31st March 2019</b>	<b>28,000,000</b>	<b>280.00</b>
Change during the year	-	-
<b>As at 31st March 2020</b>	<b>28,000,000</b>	<b>280.00</b>

**(i) Movements in equity share capital****Issued, subscribed and paid up**

	Number of shares of INR 10 each, fully paid up	Equity share capital (par value)
As at 1 April 2018	27,320,540	273.21
Change during the year	-	-
<b>As at 31 March 2019</b>	<b>27,320,540</b>	<b>273.21</b>
Change during the year	-	-
<b>As at 31 March 2020</b>	<b>27,320,540</b>	<b>273.21</b>



**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**(ii) Terms and rights attached to equity shares**

The Company has a single class of equity shares having face value of Rs 10 each. Accordingly, all equity shares rank equally with regard to dividend and share in Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. Each shareholder is eligible for voting rights which cannot be exercised in respect of shares on which any call or other sum presently payable have not been paid. In the event of liquidation, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to their holding.

**(iii) Shares of the Company held by holding company and subsidiary of holding company**

	As at 31 March 2020	As at 31 March 2019
T-H Licensing Inc., USA, a wholly-owned subsidiary of Fairfield Manufacturing Company Inc., U.S.A. [The ultimate holding company is Dana Incorporated, USA]	26,875,095	26,875,095

**iv) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Name of the shareholder	As at 31 March 2020		As at 31 March 2019	
	No. of shares	% holding	No. of shares	% holding
T-H Licensing Inc., U.S.A.	26,875,095	98.37%	26,875,095	98.37%

(v) The Company has not bought back any shares or issued any bonus shares in 5 years immediately preceding year ended March 31, 2020. Also, the Company has not allotted any shares without payment being received in cash in 5 years immediately preceding year ended March 31, 2020.

**12 (b). Reserves and surplus**

	As at 31 March 2020	As at 31 March 2019
Retained earnings (i)	3,865.84	3,345.04
<b>Total reserves and surplus</b>	<b>3,865.84</b>	<b>3,345.04</b>

**(i) Retained earnings**

	As at 31 March 2020	As at 31 March 2019
Opening balance	3,345.04	2,797.66
Net profit for the year	522.76	548.30
<b>Total</b>	<b>3,867.80</b>	<b>3,345.96</b>
Items of other comprehensive income recognised directly in retained earnings		
Re-measurements of post-employment benefit obligations, net of tax	(1.96)	(0.92)
<b>Closing balance</b>	<b>3,865.84</b>	<b>3,345.04</b>

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Note13. Non-current provisions**

	As at 31 March 2020	As at 31 March 2019
Other provisions		
- Provision for Warranty	32.46	-
<b>Total non-current provisions</b>	<b>32.46</b>	<b>-</b>

**Movement in provisions**

	Provision for Warranty
<b>Opening Balance as on 01 April 2018</b>	-
Charged/(Credited) to profit or loss	
Additional provision recognised	-
Amount writtenback	-
Amounts paid during the year	-
<b>Closing Balance as on 31 March 2019</b>	<b>-</b>
Charged/(Credited) to profit or loss	
Additional provision recognised	32.46
Amount writtenback	-
Amounts paid during the year	-
<b>Closing Balance as on 31 March 2020</b>	<b>32.46</b>

**Note14. Trade payables**

	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro and small enterprises (Refer note 35) and	23.57	8.71
Total outstanding dues of creditors other than micro and small enterprises		
- Related parties (Refer note 32)	68.79	34.67
- Acceptances	140.45	172.15
- Others	355.35	581.57
<b>Total trade payables</b>	<b>588.16</b>	<b>797.10</b>

**Note15. Other financial liabilities**

	As at 31 March 2020	As at 31 March 2019
Capital creditors	23.20	39.46
Employee benefits payable	76.91	80.50
<b>Total current other financial liabilities</b>	<b>100.11</b>	<b>119.96</b>

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Note16. Other current liabilities**

	As at 31 March 2020	As at 31 March 2019
Advances from customers	3.67	5.78
Statutory dues including provident fund and tax deducted at source	17.67	20.56
Others	0.20	0.15
<b>Total Other Current liabilities</b>	<b>21.54</b>	<b>26.49</b>

**Note17. Current Provisions**

	As at 31 March 2020	As at 31 March 2019
Provision for Contingencies	129.93	323.98
Other provisions	69.75	-
<b>Total current provisions</b>	<b>199.68</b>	<b>323.98</b>

## Movement in provisions

	Provision for contingencies	Other Provision
<b>Opening Balance as on 01 April 2018</b>	<b>288.59</b>	-
Charged/(Credited) to profit or loss		-
Additional provision recognised #	46.66	-
Amount writtenback	-	-
Amounts paid during the year	(11.27)	-
<b>Closing Balance as on 31 March 2019</b>	<b>323.98</b>	-
Charged/(Credited) to profit or loss		
Additional provision recognised #	41.03	69.75
Amount writtenback	(161.12)	-
Amounts paid during the year	(73.96)	-
<b>Closing Balance as on 31 March 2020</b>	<b>129.93*</b>	69.75

\*Net of payment under protest - 37.25 (31 March 2019 - 33.28)

#Additional provision made during the year includes Rs. 41.03 mio as contingency Provision (31 March 2019 - Rs. 46.66) and Rs. 69.75 towards provident fund liability (31 March 2019 - Rs. Nil).

Provision for contingencies includes provision made towards indirect taxes in respect of matters under appeal like non-collection of F - forms and Duty paid on debonding of EOU unit.

The honorable Supreme Court has issued a judgement in February, 2019 in relation to inclusion of certain allowances in the definition of basic wages as defined under the Employees Provident Funds &amp; Miscellaneous Provisions Act, 1952. The Company has completed its evaluation and provided for additional liability based on information available with management. Due to lack of clarity around administrative compliances with above mentioned judgement, management has not deposited such amount with the authorities. The Company will continue to monitor and evaluate its position based on future events and developments.

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Note 18. Employee benefit obligations**

	As at 31 March 2020	As at 31 March 2019
<b>Non-Current</b>		
Provision for compensated absences	78.71	92.36
<b>Total non-current employee benefit obligations</b>	<u>78.71</u>	<u>92.36</u>
<b>Current</b>		
Provision for gratuity	23.39	18.29
Provision for compensated absences	11.34	7.06
<b>Total current employee benefit obligations</b>	<u>34.73</u>	<u>25.35</u>

**(i) Leave obligations**

The compensated absences cover the company's liability for earned leave, casual leave and sick leave. The company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or required payment within the next 12 months and accordingly amounts have been classified as current and non-current based on actuarial valuation report.

**(ii) Defined Contribution Plan**

The Company has defined contribution plans for contribution to provident fund. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is as follows:

	As at 31 March 2020	As at 31 March 2019
Provident fund	23.17	21.67
<b>Total</b>	<u>23.17</u>	<u>21.67</u>

**(iii) Post employment benefit obligations - Gratuity**

The Company provides for gratuity to its employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service subject to a payment ceiling of INR 20 Lakhs. The gratuity plan is a funded plan and the Company makes contributions to recognised funds. The Company does not fully fund the liability and maintains a target level of funding over a period of time based on estimations of expected gratuity payments.

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**a. The amounts recognised in balance sheet and movements in the net benefit obligation over the year are as follows :**

	Present value of obligation	Fair value of plan assets	Net amount
<b>1 April 2018</b>	126.01	(93.59)	32.42
Current service cost	9.74	-	9.74
Past service cost	-	-	-
Interest expense/(income)	9.76	(7.24)	2.52
<b>Total amount recognised in Profit or Loss</b>	<b>19.50</b>	<b>(7.24)</b>	<b>12.26</b>
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.02)	(0.02)
(Gain)/loss from changes in financial assumptions	1.44	-	1.44
(Gain)/loss from experience changes	-	-	-
<b>Total amount recognised in Other Comprehensive Income</b>	<b>1.44</b>	<b>(0.02)</b>	<b>1.42</b>
Employer contributions	-	(27.81)	(27.81)
Benefit payments	(1.69)	1.69	-
<b>31 March 2019</b>	<b>145.26</b>	<b>(126.97)</b>	<b>18.29</b>
	Present value of obligation	Fair value of plan assets	Net amount
<b>1 April 2019</b>	145.26	(126.97)	18.29
Current service cost	11.09	-	11.09
Past service cost	-	-	-
Interest expense/(income)	11.26	(10.21)	1.05
<b>Total amount recognised in Profit or Loss</b>	<b>22.34</b>	<b>(10.21)</b>	<b>12.14</b>
Remeasurements			
Return on plan assets	-	1.86	1.86
(Gain)/loss from changes in financial assumptions	(3.64)	-	(3.64)
(Gain)/loss from experience changes	4.40	-	4.40
<b>Total amount recognised in Other Comprehensive Income</b>	<b>0.76</b>	<b>1.86</b>	<b>2.62</b>
Employer contributions	-	(9.66)	(9.66)
Benefit payments	(1.94)	1.94	-
<b>31 March 2020</b>	<b>166.42</b>	<b>(143.03)</b>	<b>23.39</b>

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**b. The net liability disclosed above relates to funded and unfunded plans as follows :**

	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Present value of funded obligation	166.42	145.26
Fair value of plan assets	(143.03)	(126.97)
<b>Deficit of gratuity plan</b>	<b>23.39</b>	<b>18.29</b>

The Company has no legal obligation to settle the deficit in the funded plan with an immediate contribution or additional one off contributions.

**c. Significant estimates**

The significant actuarial assumptions were as follows :

	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Discount rate	6.50%	7.80%
Salary growth rate	10.00%	10.00%
Withdrawal rate	10.00%	2.00%
Mortality rate	IALM (2006-08) ult	IALM (2012-14) ult

**d. Sensitivity of actuarial assumptions**

The sensitivity of defined obligation to changes in the weighted principal assumptions is:

<b>Assumption</b>	<b>Increase / (Decrease) in defined benefit obligation</b>	
	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Discount rate</b>		
1 % increase	(12.18)	(21.97)
1 % decrease	13.91	18.29
<b>Salary growth rate</b>		
1 % increase	11.89	16.63
1 % decrease	(10.97)	(18.94)
<b>Withdrawal rate</b>		
1 % increase	(2.54)	(3.55)
1 % decrease	2.84	24.25

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**e. The major categories of plan assets are as follows:**

	31 March 2020	31 March 2019
Insurance fund		
Amount	143.03	127.08
In %	100%	100%

**f. Risk exposure**

Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility**

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. All plan assets are maintained in a trust fund managed by a public sector insurer i.e., LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence, 100% liquidity is ensured.

**Changes in bond yields**

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' asset.

**Future salary escalation and inflation risk**

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in higher present value of liabilities. Further, unexpected salary increases provided at the discretion of the management may lead to uncertainties in estimating this increasing risk.

**Life expectancy**

The defined benefit obligations are to provide benefits for the life of the members, so increase in life expectancy will result in increase in plan's liability. This is particularly significant where, inflationary increases result in higher sensitivity to changes in life expectancy.

**Asset-Liability mismatch risk**

Risk arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans.

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Projected benefits payable from the fund in future years from the date of reporting:**

Expected contributions to the gratuity fund for the year ending 31 March 2020 - 23.39 (31 March 2019 - 27.86).

The weighted average duration of the defined benefit obligation is 7.00 years (31 March 2019: 15.55 years). The expected maturity analysis of undiscounted gratuity (net of plan asset) is as follows:

	<b>31 March 2020</b>	<b>31 March 2019</b>
Less than a year	15.33	4.95
Less than 2 year	16.08	4.26
Less than 3 year	17.00	5.29
Less than 4 year	16.62	4.83
Less than 5 year	17.35	5.68
Beyond 5 years	103.09	66.04
<b>Total</b>	<b>185.47</b>	<b>91.05</b>

Above disclosure is restricted to the expected payment for period of 10 years as provided in actuarial report.

**Note 19. Revenue from operations**

	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
<b>Revenue from contract with customers</b>		
Sale of products	4,522.51	5,936.00
Sales of Services	1.03	-
<b>Other Operating Revenue</b>		
- Scrap sales	29.40	50.52
- Tooling sales	7.60	10.62
- Export incentives	136.59	182.26
<b>Total revenue from operations</b>	<b>4,697.13</b>	<b>6,179.40</b>

For disaggregate revenue refer note above and note 31

**Reconciliation of revenue with contract price**

	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
Revenue as per Statement of Profit and loss	4,523.54	5,936.00
Add: Incentive/rebates/discounts etc.	-	-
<b>Contract Price</b>	<b>4,523.54</b>	<b>5,936.00</b>



**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Note 20. Other income**

	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
Interest income on bank deposits being financial assets carried at amortised cost	<b>17.52</b>	9.56
Net gain on foreign currency transactions and translation	<b>127.40</b>	-
Net gain on sale of property, plant & equipment	<b>0.40</b>	4.84
Fair value gains on derivatives not designated as hedges	<b>4.31</b>	19.31
Provision for doubtful receivables written back	<b>2.57</b>	-
Liabilities written back no longer required*	<b>161.12</b>	-
Miscellaneous income	<b>3.71</b>	3.21
<b>Total other income</b>	<b>317.03</b>	<b>36.92</b>

\*During the current year the Excise matter has been settled under the Sabka Vishwas Scheme, Accordingly the provision has been written back

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Note 21. Cost of materials consumed**

	Year ended 31 March 2020	Year ended 31 March 2019
Raw materials at the beginning of the year	218.91	287.36
Add : Purchases during the year	2,473.70	3,470.45
Less : Raw materials as at the end of the year	(302.44)	(218.91)
<b>Total cost of materials consumed</b>	<b>2,390.17</b>	<b>3,538.90</b>

**Note 22. Change in inventories of finished goods and work-in-progress**

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Opening inventory</b>		
- Finished goods	187.92	126.51
- Work in progress	250.70	290.69
	438.62	417.20
<b>Less: Closing inventory</b>		
- Finished goods	28.63	187.92
- Work in progress	251.43	250.70
	280.06	438.62
<b>Net increase/(decrease) in inventory</b>	<b>158.56</b>	<b>(21.42)</b>

**Note 23. Employee benefit expense**

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	399.49	416.16
Contribution to provident and other fund*	93.30	21.67
Gratuity expense (Refer Note 18)	12.14	12.26
Staff welfare expenses	26.11	44.17
<b>Total employee benefit expense</b>	<b>531.04</b>	<b>494.26</b>

Consists of contribution for the year ended 31 March 2020 - INR 23.55 mio and provision of INR 69.75 mio pertaining to earlier years as per Supreme Court judgement.

**Note 24. Depreciation and amortization expense**

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation of property, plant and equipment	332.75	279.45
Amortisation of intangible assets	1.81	1.87
<b>Total depreciation and amortisation expense</b>	<b>334.56</b>	<b>281.32</b>

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Note. 25 Other expenses**

	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
Consumption of stores and spare parts	<b>93.37</b>	72.31
Labour charges for re-sharpening tools	<b>19.68</b>	42.15
Contract labour	<b>61.54</b>	80.55
Power and fuel	<b>217.47</b>	289.30
Job work charges	<b>86.70</b>	155.25
Insurance	<b>19.78</b>	15.74
House keeping expenditure	<b>12.08</b>	10.99
Security Expenses	<b>10.10</b>	9.91
Waste disposal & environment pollution check expense	<b>7.10</b>	8.36
Rent	<b>0.50</b>	0.63
Rates and taxes	<b>1.41</b>	8.36
Repairs and maintenance:		
- Building	<b>6.49</b>	18.15
- Plant and machinery	<b>19.34</b>	35.32
- Others	<b>27.10</b>	39.25
Legal and professional fees	<b>6.79</b>	11.92
Travelling and conveyance	<b>18.91</b>	27.00
Communication	<b>2.48</b>	5.33
Freight outward and forwarding expenses	<b>45.05</b>	67.81
Directors' sitting fees	<b>0.42</b>	0.36
Payment to Auditors' (refer note 25(a) below)	<b>2.13</b>	2.23
Trade mark fees	<b>22.36</b>	25.95
Information Technology Fees	<b>36.39</b>	36.53
Management fees	<b>53.55</b>	36.35
Corporate social responsibility expenditure (Refer note 25(b) below)	<b>8.00</b>	10.08
Net loss on foreign currency transactions and translation	-	0.27
Provision for Warranty	<b>32.46</b>	-
Miscellaneous expenses	<b>10.66</b>	14.81
<b>Total other expenses</b>	<b>821.86</b>	1,024.91

**Note 25(a). Details of payment made to auditors**

## Payment to auditors

## As auditor :

Audit Fee	<b>1.80</b>	1.75
Certification	<b>0.08</b>	0.08

## In other capacities

Tax Audit Fee	<b>0.25</b>	0.25
Other services	-	0.15

<b>Total</b>	<b>2.13</b>	2.23
--------------	-------------	------

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Note 25(b). Corporate social responsibility expenditure**

The Company has spent an amount of 8.00 (31 March 2019 - 10.08) during the year as required under section 135 of the Companies Act, 2013 in the areas of education, women empowerment, healthcare & social welfare, environment conservation and protection.

	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
Gross amount required to be spent as per Section 135 of the Act	<b>12.26</b>	10.29
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	3.70
(ii) On purposes other than (i) above	<b>8.00</b>	6.38
<b>Total</b>	<b>8.00</b>	10.08

Note: Out of the total amount spent 8.00 (31 March 2019 - 6.00) was contributed to Sparsh Welfare Trust, in which directors/senior executives of the Company are trustee.

**Note 26. Finance costs**

	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
Interest expense	<b>0.67</b>	0.79
<b>Total finance costs</b>	<b>0.67</b>	0.79

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Note 27. Income Taxes**

The major components of income tax expense for the year ended 31 March 2020 and 31 March 2019 are:

**Statement of profit and loss****Profit and Loss section**

	Year ended 31 March 2020	Year ended 31 March 2019
Current income tax charge		
Current income tax		
- Current tax on profit for the current year	194.04	292.06
- Current tax pertaining to prior years	(2.05)	27.00
<b>Sub-total (A)</b>	<b>191.99</b>	<b>319.06</b>
Deferred tax		
-Deferred tax for the current year	21.52	8.41
- Deferred tax adjustment pertaining to prior years	-	(24.87)
<b>Sub-total (B)</b>	<b>21.52</b>	<b>(16.46)</b>
<b>Income tax expense reported in the statement of profit or loss</b>	<b>213.51</b>	<b>302.60</b>

**Other comprehensive income section**

	Year ended 31 March 2020	Year ended 31 March 2019
Deferred tax (income)/expense related to items recognised in OCI during the year	(0.66)	(0.50)
<b>Income tax charged to OCI</b>	<b>(0.66)</b>	<b>(0.50)</b>

**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for 31 March 2020 and 31 March 2019**

	Year ended 31 March 2020	Year ended 31 March 2019
Accounting profit before tax	736.27	850.90
At Statutory income tax rate of 25.168% (31 March 2019: 34.944%)	185.31	297.34
Tax Effects of amounts which are not deductible (taxable) in calculating taxable income		
- Expenses not deductible for tax purposes	2.01	3.52
Impact of current tax pertaining to prior years	(2.05)	27.00
Impact of deferred tax pertaining to earlier year	-	(24.87)
Impact of change in the effective tax rate	28.24	(0.39)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>213.51</b>	<b>302.60</b>

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Note 28. Fair value measurements  
Financial instruments by category**

	31 March 2020		31 March 2019	
	FVPL	Amortised cost	FVPL	Amortised cost
<b>Financial assets</b>				
Security deposits	-	-	-	0.01
Trade receivables	-	1,033.31	-	1,360.78
Cash and cash equivalents	-	1,127.56	-	216.55
Other bank balances	-	38.26	-	78.89
Derivative financial assets	4.31	-	19.31	-
Other financial assets	-	2.33	-	6.53
<b>Total financial assets</b>	<b>4.31</b>	<b>2,201.46</b>	<b>19.31</b>	<b>1,662.76</b>
<b>Financial liabilities</b>				
Trade payables	-	588.16	-	797.10
Other financial liabilities	-	100.11	-	119.96
Derivative financial liability	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>688.27</b>	<b>-</b>	<b>917.06</b>

**i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the the reliability of inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the Indian accounting standard. An explanation of each level follows underneath the table.

**Financial assets and liabilities measured at fair value - recurring fair value measurements**

**At 31st March 2020**

**Financial assets**

	Notes	Level 1	Level 2	Level 3	Total
Derivative financial assets					
- Foreign exchange forward contracts	11	-	4.31	-	4.31

**Financial assets and liabilities measured at fair value - recurring fair value measurements**

**At 31 March 2019**

**Financial liabilities**

	Notes	Level 1	Level 2	Level 3	Total
Derivative financial liabilities					
- Foreign exchange forward contracts	11	-	19.31	-	19.31

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. However the Company does not have any financial instruments that are measured using Level 1 inputs.

**Level 2:** The fair value of derivatives is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. However the Company does not have any financial instruments that are measured using Level 3 inputs.

**Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

**Fair value of financial assets and liabilities measured at amortised cost**

The carrying amounts of such financial assets and financial liabilities (as mentioned in table above) are considered to be the same as their fair values, due to their short term nature or there is no material difference. These financial instruments are level 3 instruments.

**Note 29. Financial risk management**

The Company is exposed to various financial risks, such as market risks (which comprises of foreign exchange risk), credit risk and liquidity risk. The Company's financial risk management policy aims to limit any adverse effects that these risks may have on the Company's financial health. Risk limitation does not mean complete exclusion of financial risks, rather it means following a policy of economically sensible management of the Company's finances within an agreed framework as defined by the board of directors. The company follows different ways to mitigate such risks and management monitors and steers such risks continuously with the support of Treasury.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Credit Risk	Cash and cash equivalent, trade receivables, favourable derivative financial instruments, financial assets measured at amortised cost.	Ageing analysis	Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business
Liquidity Risk	Other liabilities	Rolling cash flow forecasts on the basis of expected cash flows	Limited by holding sufficient cash and cash equivalents.
Market risk - foreign exchange	Future commercial transactions recognised financial assets and liabilities not denominated in Indian Rupee (INR)	Cash flow forecasting Sensitivity analysis	Foreign currency forwards

**(A) Credit risk and management**

"Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's trade receivables, security deposits and cash placed with banks. In case of credit or default risk associated with trade receivables, the Company follows a defined credit policy under which each new customer is analyzed individually for creditworthiness before payment and delivery terms and conditions are offered. Credit ratings are reviewed regularly, and limits are set and monitored on

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

an ongoing basis. Trade receivables are valued at the original invoiced amount less any necessary value adjustments for default risks. Further company has significant outstanding receivable from related party's where risk of default is considered to be low. The Company has formed a policy as per which provision is recognised for any receivable outstanding under the simplified approach. As a principle, the Company places funds only with investment grade rated domestic and foreign banking institutions, and Treasury periodically assesses the relevant ratings and credit default spreads of these banking institutions.

Reconciliation of loss allowance provision - Trade receivables arising from contracts with customers

	<b>Amount</b>
<b>Loss allowance on 1 April 2018</b>	<b>4.76</b>
Changes in loss allowance	-
<b>Loss allowance on 31 March 2019</b>	<b>4.76</b>
Changes in loss allowance	(2.57)
<b>Loss allowance on 31 March 2020</b>	<b>2.19</b>

**(B) Liquidity risk**

Liquidity risk is the risk that the Company may be unable to discharge its financial liabilities in a timely manner or at an acceptable cost. The Company supervises and manages its liquidity, in order to ensure that outstanding financial liabilities can at all times be met within their maturity period and at an acceptable financing cost. The Company's management prepares and provides the relevant decision support and arranges for the availability of the relevant funds once approval is given. The Company's liquidity is monitored using short, medium and long-term rolling forecasts, about which senior management is kept informed. Based on such forecasts management negotiates the credit period for sales made to group company. On the basis of these plans, the Company mobilises the necessary liquid funds and takes any further steps necessary in a timely manner. To manage the liquidity risk the company negotiates with banks non recourse non fund based discounting facilities.

**(i) Maturities of financial liabilities**

The tables below analyses the Company's financial liabilities based on their contractual maturities for:

- All non-derivative financial liabilities, and
- net and gross derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

<b>Less than 1 year</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Trade payables	<b>588.16</b>	797.10
Capital Creditors	<b>23.20</b>	39.46
Employee benefits payable	<b>76.91</b>	80.50
<b>Total</b>	<b>688.27</b>	917.06

The amounts disclosed in the tables above are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**(C) Market risk****(i) Foreign currency risk**

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EUR, and CHF. Foreign exchange risk arises from future commercial transactions denominated in a currency that is not the company's functional currency (INR). The company uses derivative financial instruments to hedge the foreign currency risk. The risk is measured through a forecast of highly probable USD Income. The objective of the hedge is to minimise the impact of the volatility of the foreign currency cost on highly probable forecast income.



**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

Only pre-approved instruments are used and as a rule, no speculative transactions are conducted in the areas of foreign exchange. No hedges are entered on speculative basis.

**(a) Foreign currency risk exposure:**

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows :-

	31 March 2020			31 March 2019		
	CHF	EUR	USD	CHF	USD	USD
<b>Financial assets</b>						
Trade receivables	-	46.75	695.63	-	29.35	949.56
Balance in EEFC accounts	-	-	427.48	-	-	127.42
<b>Financial liabilities</b>						
Trade payables		31.06	39.67	39.46	18.82	17.21
	31 March 2020			31 March 2019		
	CHF	EUR	USD	CHF	USD	USD
<b>Derivative Instrument</b>						
Foreign exchange forward contracts						
Sell foreign currency	-	-	566.76	-	-	646.97

**(b) Sensitivity:**

	Increase /(Decrease) on profit before tax	
	31 March 2020	31 March 2019
<b>USD sensitivity</b>		
INR/USD -Increase by 5% (31 March 2019-5%)*	25.83	78.97
INR/USD -Decrease by 5% (31 March 2019-5%)*	(25.83)	(78.97)
<b>CHF sensitivity</b>		
INR/CHF -Increase by 5% (31 March 2019-5%)*	-	(1.97)
INR/CHF -Decrease by 5% (31 March 2019-5%)*	0.00	1.97
<b>EUR sensitivity</b>		
INR/EUR -Increase by 5% (31 March 2019-5%)*	(0.78)	(0.53)
INR/EUR -Decrease by 5% (31 March 2019-5%)*	0.78	0.53

The aggregate net foreign exchange gains including fair value losses on derivatives instruments recognised in statement of profit and loss is INR 131.71 mio (March 31, 2019: INR 19.03 mio)

Above sensitivity has been performed holding all other variables constant

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Note 30. Capital Management**

**Risk management**

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may return capital to shareholders, issue new shares or sell assets.

**Note 31. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors has been identified as the chief operating decision maker.

The Company is engaged in the business of automotive transmission gears and gear assemblies which is considered as one reportable segment.

The Company is domiciled in India and generates its revenue from customers within and outside India. The amount of its revenue broken down by location of customers is shown in the table below:

	<b>31 March 2020</b>	<b>31 March 2019</b>
India	<b>1,333.41</b>	2,110.71
USA	<b>1,846.99</b>	2,898.39
China	<b>1,158.13</b>	803.79
Other countries	<b>183.98</b>	123.11
<b>Total revenue from contracts with customers</b>	<b><u>4,522.51</u></b>	<b><u>5,936.00</u></b>

All non-current assets are located within India.

One customer (Consisting of entities under common control) contributes to revenues of approximately 3,197.68 (31 March 2019 - 3,930.40)

The segment revenue is recognised at point in time.

**Note 32. Related party transactions**

A Name of the related parties and nature of relationship

**i) Entities having control over the Company**

**Ultimate Holding Company**

Dana Incorporated

**Intermediate Holding Company**

Fairfield Manufacturing Company Inc., U. S. A.

**Holding company**

TH Licensing Inc., U. S. A.

**i) Other Related Parties with whom transactions have taken place during the year:**

**Fellow Subsidiaries:**

Graziano Trasmissioni India (Private) Limited

Oerlikon Drive System (Suzhou) Co Limited

(earlier know as Oerlikon (China) Technology Co. Ltd.)

Oerlikon Graziano SPA

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

Dana Investment GMBH  
 GrazianoFairfield AG (Switzerland)  
 Dana Limited  
 Dana India Private Limited  
 Dana Graziano S.R.L  
 Dana Graziano (Suzhou) Drive System  
 Dana Spicer(Shanghai)Trading Co. Limited  
 Brevini(Yancheng) Planetary Drives Co Limited  
 Shanghai Brevini Gearbox Co. Limited  
 Dana (Wuxi) Technology Co Limited  
 Dana India Technical Centre Private Limited  
 Dana Italia S.R.L

**iii) Key management personnel:**

Mr. Sunil Sehgal	Chairman
Mr. Devanand E. Jacob	Managing Director
Mr. Marcus David King	Non-executive Director
Mr. Michael Andrew Campbell	Non-executive Director
Mr. Avinash P. Gandhi	Independent Director - w.e.f. 25/06/2019
Mr. Gajanan V. Gandhe	Non-executive Director - w.e.f. 12/10/2019
Mr. Rakesh Jinsi	Independent Director - w.e.f. 22/10/2019
Ms. Xian He	Additional Director - w.e.f. 07/01/2020

**iv) Entities where related party as per (iii) above is key management personnel**

Sparsh Welfare Trust

**B Disclosure of related party transactions:**

	31 March 2020		31 March 2019	
	Entities having control over the company	Fellow Subsidiaries	Entities having control over the company	Fellow Subsidiaries
<b>Sales of products (excluding Taxes)</b>				
Fairfield Manufacturing Company Inc., U.S.A.	1,777.17	-	2,811.86	-
Graziano Trasmissioni India Private Limited	-	86.53	-	205.69
Oerlikon Drive System (Suzhou) Co Limited	-	345.61	-	803.06
Oerlikon Graziano SPA	-	13.30	-	109.50
Dana India Private Limited	-	7.34	-	0.31
Dana Graziano S.R.L.	-	155.39	-	-
Dana Graziano (Suzhou) Drive System	-	34.33	-	-
Dana Spicer(Shanghai)Trading Co. Limited	-	417.35	-	-
Brevini(Yancheng) Planetary Drives Co Limited	-	310.79	-	-

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

	31 March 2020		31 March 2019	
	Entities having control over the company	Fellow Subsidairees	Entities having control over the company	Fellow Subsidairees
Shanghai Brevini Gearbox Co. Limited	-	43.64	-	-
Dana (Wuxi) Technology Co Limited	-	6.23	-	-
<b>Sales of Services</b>				
Fairfield Manufacturing Company Inc., U.S.A.	1.03	-	-	-
Graziano Trasmissioni India Private Limited	-	10.10	-	14.33
<b>Sales of Fixed Assets</b>				
Graziano Trasmissioni India Private Limited	-	15.28	-	16.14
<b>Reimbursement of expenses</b>				
Graziano Trasmissioni India Private Limited	-	4.06	-	1.24
Fairfield Manufacturing Company Inc., U.S.A.	0.28	-	2.11	-
Oerlikon Drive System (Suzhou) Co Limited	-	-	-	0.12
Dana India Private Limited	-	0.48	-	-
<b>Purchase of Property, Plant and equipment</b>				
Fairfield Manufacturing Company Inc., U.S.A.	0.77	-	-	-
Dana India Private Limited	-	0.50	-	-
Graziano Trasmissioni India Private Limited	-	3.00	-	11.34
Oerlikon Graziano SPA	-	45.60	-	-
<b>Trade mark fees</b>				
OC Oerlikon Corporation AG, Switzerland*	-	-	23.27	-
Dana Limited	-	22.36	-	2.67
<b>Purchases of Services</b>				
Oerlikon Balzers Coating India Limited, India	-	-	-	26.52
Dana Limited	-	0.38	-	-
Graziano Trasmissioni India Private Limited	-	-	-	0.50
<b>Purchases of Goods</b>				
Fairfield Manufacturing Company Inc., U.S.A.	11.48	-	5.52	-

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

Dana India Private Limited	-	<b>0.53</b>	-	-
Brevini(Yancheng) Planetary Drives Co Limited	-	<b>0.64</b>	-	-

	<b>31 March 2020</b>		<b>31 March 2019</b>	
	<b>Entities having control over the company</b>	<b>Fellow Subsidaire</b>	<b>Entities having control over the company</b>	<b>Fellow Subsidaire</b>
Dana Spicer(Shanghai)Trading Co. Limited	-	<b>0.15</b>	-	-
Oerlikon Drive System (Suzhou) Co Limited	-	<b>0.29</b>	-	-
Graziano Trasmissioni India Private Limited	-	<b>10.94</b>	-	36.72

**Development Tooling Income**

Fairfield Manufacturing Company Inc., U.S.A.	-	-	1.25	-
Graziano Trasmissioni India Private Limited	-	<b>3.78</b>	-	0.94

**Management fees**

Dana Investment GMBH	-	<b>8.57</b>	-	1.22
Dana Limited	-	<b>29.14</b>	-	-
Dana India Technical Centre Private Limited	-	<b>3.39</b>	-	-
Dana Italia S.R.L	-	<b>12.45</b>	-	-
GrazianoFairfield AG (Switzerland)	-	-	-	35.13

**Information Technology Services**

Oerlikon IT Solutions Ltd. PFA	-	-	-	26.14
Oerlikon Textile India Limited Ltd.	-	-	-	0.31
Oerlikon Balzers Coating India Limited, India	-	-	-	1.55

**Transactions with Key Managerial Personnel**

	<b>31 March 2020</b>	<b>31 March 2019</b>
- Short term employment benefits	<b>11.41</b>	9.57
- Long term employment benefits***	<b>(1.45)</b>	0.32
- Post employment benefits***	<b>0.32</b>	0.05
- Director sitting fees	<b>.42</b>	0.40

\*\*\*Disclosed based on the details provided by actuary on estimated basis.

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**C Outstanding balances arising from sales/purchase of goods and Services / Assets**

	31 March 2020	31 March 2019
<b>Trade payables</b>		
Dana Limited	32.86	-
Fairfield Manufacturing Company Inc., U. S. A.	7.29	1.86
Graziano Trasmissioni India Private Limited	11.38	(0.03)
Dana India Technical Centre Private Limited	0.36	-
Dana Investment GMBH	4.40	1.10
	<b>31 March 2020</b>	<b>31 March 2019</b>
GrazianoFairfield AG (Switzerland)	-	31.62
Dana Spicer(Shanghai)Trading Co. Limited	0.16	-
Oerlikon Drive System (Suzhou) Co Limited	0.44	0.12
Brevini(Yancheng) Planetary Drives Co Limited	0.66	-
Dana Italia S.R.L	11.24	-
	<b>68.79</b>	<b>34.67</b>
<b>Trade receivables #</b>		
Fairfield Manufacturing Company Inc., U. S. A.	437.10	664.32
Dana India Private Limited	5.03	2.09
Dana Graziano S.R.L	44.19	-
Dana Spicer(Shanghai)Trading Co. Limited	121.13	-
Graziano Trasmissioni India Private Limited	12.57	8.61
Dana Graziano (Suzhou) Drive System	2.97	-
Oerlikon Drive System (Suzhou) Co Ltd.	2.41	265.73
Brevini(Yancheng) Planetary Drives Co Limited	105.35	-
Shanghai Brevini Gearbox Co. Limited	10.54	-
Oerlikon Graziano SPA	(0.06)	20.96
	<b>741.23</b>	<b>961.71</b>

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

<b>Capital Advance</b>		
Oerlikon Graziano SPA	-	12.92
	<u>-</u>	<u>12.92</u>

# There is no allowance for bad and doubtful debts recognised in respect of receivables due from related parties.

**D Terms and conditions:**

- (1) Goods were sold to parent and other fellow subsidiaries during the year based on the price lists in force and terms that would be available to third parties.
- (2) All other transactions were made on normal commercial terms and conditions and at market rate.
- (3) All outstanding balances are unsecured and repayable in cash.

Note: The transaction with related parties are disclosed upto/from the date the related party relationship ceased/came in existence. The year end balance are disclosed considering the related party relationship status as at the year end.

**Note 33. Earnings per share**

	<b>31 March 2020</b>	<b>31 March 2019</b>
Basic and diluted earnings per share		
a) Profit attributable to the equity holders of the company (INR in Mio)	522.76	548.30
b) Weighted average number of equity shares outstanding (Nos.)	27,320,540	27,320,540
c) Earnings per share (INR per equity share of INR 10 each)		
- Basic and diluted	19.13	20.07

**Note 34. Contingencies and commitments****a) Contingent liabilities**

	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>Claims against the company not acknowledged as debts</b>		
Sales Tax/VAT Liability under appeal	<b>2.20</b>	3.80
Excise duty and Service Tax Liability under appeal	<b>5.57</b>	200.68
Duty of Customs	<b>0.62</b>	-
Income Tax Liability under appeal	<b>105.88</b>	105.65
<b>Total</b>	<b><u>114.26</u></b>	<b><u>310.13</u></b>

**b) Commitments**

	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
i) Capital commitments		
Estimated value of contracts on capital account remaining to be executed	<b>20.17</b>	230.87
ii) Export commitments		
Export obligations	<b>107.31</b>	-
ii) Lease commitments *		

**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

As Lessee		
Within one year	-	0.38
Later than one year but not later than five year	-	0.18
(Against lease contracts non cancellable within a period of one year)		
<b>Total</b>	<b>127.48</b>	<b>231.43</b>

\* Since Ind AS 116 is applicable w.e.f from April 01, 2019 this disclosure no longer required for current year ended March 31, 2020

**Note 35. Dues to micro and small enterprises**

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is based on the information available with the Company:

	As at 31 March 2020	As at 31 March 2019
(a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	23.57	8.71
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

Amount due to Micro and Small enterprises are disclosed on the basis of information available with the Company regarding status of the suppliers as Micro and Small enterprises

**Note 36.** Pursuant to the requirement of section 149 (1) of the Companies Act, 2013 (Act) the Company has appointed a Women Director on January 7, 2020 to fill the intermittent vacancy created on 28 February 2019.



**Notes to Financial Statements for the year ended 31 March 2020 (Continued)**

(All amounts in INR millions, unless otherwise stated)

**Note 37. Leases - Ind AS 116**

This note explains the impact of the adoption of Ind AS 116 Leases on the company's financial statements.

The company has adopted Ind AS 116 from 01 April 2019, but has not restated comparatives for the FY 2018-19 reporting period, as permitted under the specific transitional provisions in the standard. The new accounting policies are disclosed in note 2. There is no impact in the financial statement on account of this change in accounting policy due to practical expedients as mentioned below.

In applying Ind AS 116 for the first time, the company has used the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application,
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease,
- relying on the assessment of whether leases are onerous as an alternative to performing an impairment review.

There were no onerous contracts as at April 01, 2019.

- The Company has also elected to not to reassess whether contract is, or contains a lease at the date of initial application. Instead for contracts entered into before the transition date the company relied on its assessment made applying Ind AS 17 and Appendix C of Ind AS 17, Determining whether an arrangement contains a lease.
- No adjustments on account of lessor lease accounting has been considered."

**Note 38.** The Novel Coronavirus (COVID-19) is a Global Pandemic and is rapidly spreading throughout the world. This event has significantly affected the social and economic activities worldwide and, as a result, could affect the operations and results of the Company. In line with the advisories, orders and directions issued by the respective local and state government authorities to prevent and contain the spread of Coronavirus outbreak, the Company had suspended its operations at its manufacturing facility and offices with effect from 23rd March 2020, and the same was under temporary shutdown till the month of May 2020. The Management believes that it has taken into account all the possible impact of the known events arising from COVID-19 pandemic in the preparation of the financial statements. In the case of Inventory, Management has performed the annual 'wall to wall' inventory verification at its location (attended by the auditors) after the lockdown and performed roll - back procedures to obtain comfort over the existence and condition of Inventories as at March 31, 2020. However the impact assessment of COVID-19 is a continuous process, given the uncertainties associated with its nature and duration. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

**Note 39. Recent Accounting Pronouncements:**

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2020 on July 24, 2020. The rules shall be effective from reporting period beginning on or after July 24, 2020 and cannot be early adopted.

Following accounting pronouncements are not expected to have significant impact on the company's financial statement.

- Amendments to Ind AS 103 Business combination
- Amendments to Ind AS 116 Leases
- Amendments to Ind AS 107 Financial Instruments: Disclosures and Ind AS 109 Financial Instruments
- Ind AS 1, Presentation of Financial Statements, Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors and consequential amendments to other Ind AS

**Note 40.** Previous year figures have been recasted/regrouped wherever necessary.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration number : 012754N/N500016  
Chartered Accountants

**For and on behalf of the Board of Directors of  
Fairfield Atlas Limited**

**Vivian Pillai**

Partner  
Membership No. 127791

**Sunil Sehgal**

Chairman  
DIN: 05121461

**D.E. Jacob**

Managing Director  
DIN:02387819

**Vijay Sinha**

Chief Financial Officer

**Pandharinath Patil**

Company Secretary

Place : Pune

Date : 26th October 2020

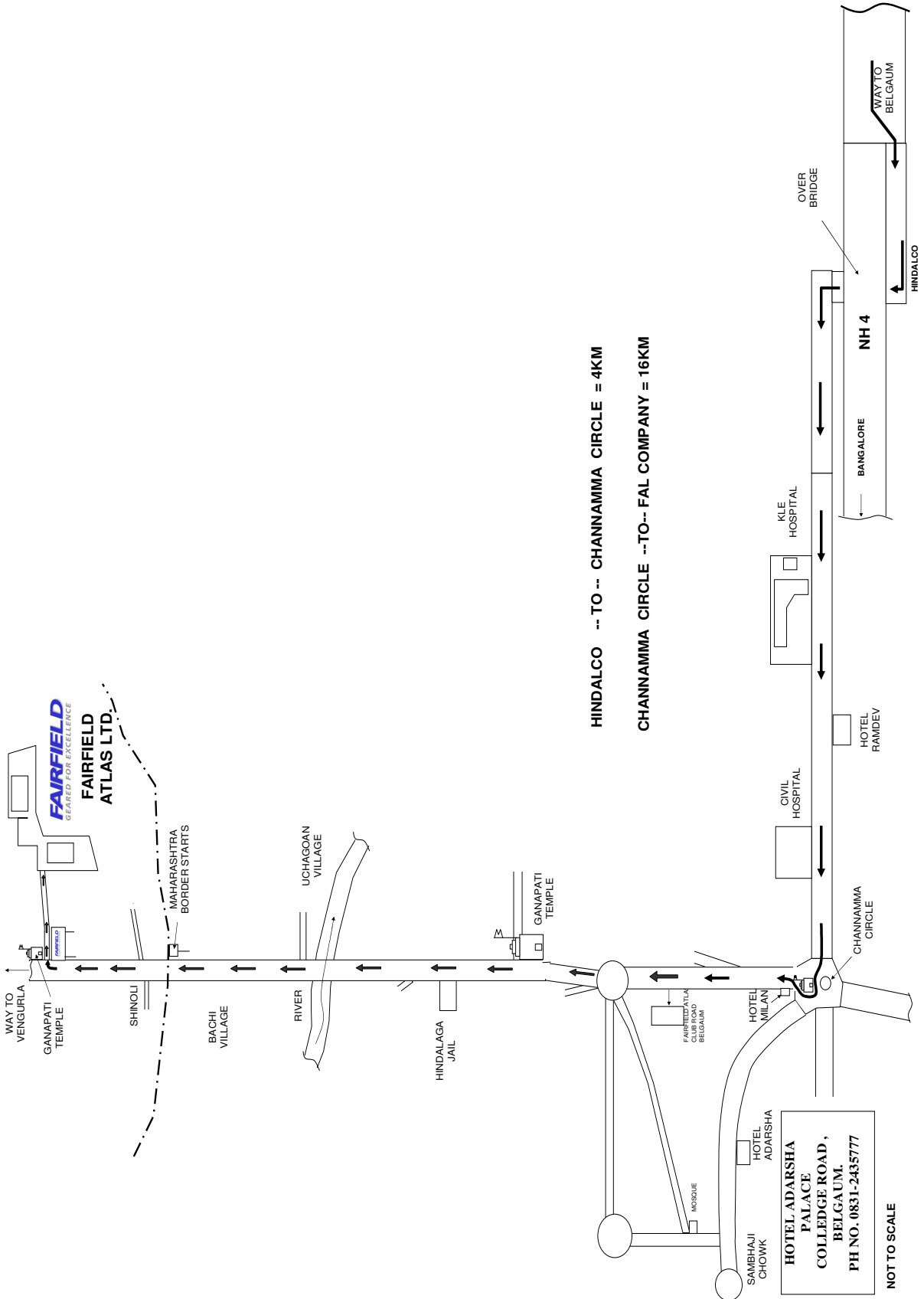
Place : Devarwadi

Date : 26th October 2020





# Route Map to the venue of the AGM









If undelivered please return to:

**Link Intime India Private Limited**

(Formerly known as Sharex Dynamic (India) Private Limited)

C 101, 247, Park, L. B. S. Marg, Vikhroli (West)

Mumbai 400083. Tel: 28515606 or 28515644

Fax: +91 22 28512885 Email: support@sharexindia.com

Website : [www.sharexindia.com](http://www.sharexindia.com)

<https://www.linkintime.co.in>