

61st Annual Report

2019-2020



FORCE MOTORS LIMITED

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



Over 1,000 New Traveller Ambulances commissioned by Govt. of Andhra Pradesh

Tamil Nadu Govt. pressed into service 500 Force Traveller Ambulances to fight the spread of COVID-19



New TRAX Police Van



New TRAX Ambulance



**BOARD OF DIRECTORS**

Abhaykumar Firodia, Chairman
Prasan Firodia, Managing Director
Sudhir Mehta
Pratap Pawar
S. Padmanabhan
Nitin Desai
Dr. Indira Parikh
Arun Sheth
Arvind Mahajan
Anant Talaulicar
Lt. Gen. (Retd.) (Dr.) D. B. Shekatkar
Prashant V. Inamdar, Executive Director (Operations)

CHIEF FINANCIAL OFFICER

Sanjay Kumar Bohra

**COMPANY SECRETARY &
COMPLIANCE OFFICER**

Kishore P. Shah

AUDITORS**Statutory Auditor**

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

Secretarial Auditor

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

Internal Auditors

M/s. Capri Assurance and Advisory Services
Chennai.

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

COST ACCOUNTANTS

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

REGISTERED OFFICE

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

WORKS

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



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NOTICE

Notice is hereby given that the 61st Annual General Meeting (the 'AGM') of the Members of Force Motors Limited will be held on **Tuesday, the 29th day of September 2020 at 3:00 p.m., through Video Conference ('VC') / Other Audio Visual Means ('OAVM')** to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited standalone and consolidated Financial Statements of the Company, for the Financial Year ended 31st March 2020, together with the Board's Report and Auditors' Report thereon.
2. To declare dividend for the Financial Year ended 31st March 2020.
3. To appoint a Director in place of Mr. Prashant V. Inamdar (DIN: 07071502), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. Contribution to bona fide charitable and other funds

To consider and if thought fit, to pass, the following resolution as an **ordinary resolution** :

"RESOLVED THAT pursuant to the provisions of Section 181 and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors of the Company for contributing to bona fide charitable and other funds, a sum up to ₹ 25,00,00,000/- (Rupees Twenty five crore only), during the Financial Year 2020-21."

5. Appointment of Cost Accountants with remuneration

To consider and if thought fit, to pass, the following resolution as an **ordinary resolution** :

"RESOLVED THAT M/s. Joshi Apte & Associates, Cost Accountants, Pune, who are appointed by the Board of Directors of the Company, to verify and review the cost records of the Company for the Financial Year ending 31st March 2021, be paid remuneration of ₹ 2,40,000/- (Rupees Two lakh forty thousand only) plus travelling and out of pocket expenses with taxes, if any."

6. Modification in the terms and conditions, related to remuneration payable to Mr. Prasan Firodia as Managing Director of the Company

To consider and if thought fit, to pass, with or without modification, following resolution as a **special resolution** :

In partial modification of the special resolution, passed by the Members of the Company, in their 60th Annual General Meeting, held on 19th September 2019 and as recommended by the Nomination and Remuneration Committee of the Board of Directors, it is hereby 'RESOLVED THAT the total remuneration payable to Mr. Prasan Firodia, as the Managing Director of the Company, for any financial year, including the Financial Year 2019-20, may exceed 5% of the net profit of the Company, for that year computed, as per the provisions of Section 198 or other applicable provision of the Companies Act, 2013, provided that total remuneration payable to the Managing Directors and Whole-time Directors shall not exceed 10% of the net profit of the Company for that year, computed in the prescribed manner.

"RESOLVED FURTHER THAT consent of the Company be and is hereby specifically accorded for payment of remuneration to Mr. Prasan Firodia, as the Managing Director of the Company, exceeding 5% of the net profit of the Company, for the Financial Year 2019-20, including commission of ₹ 2,50,00,000 (Rupees Two crore fifty lakhs only)."

7. Adoption of new set of Regulations as the Articles of Association of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 5, 14 or other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Incorporation) Rules, 2014 and other applicable Rules, made under the Act, the new set of regulations, placed in the meeting and initialled by the Chairman of this Annual General Meeting, and a copy of which was made available for inspection as a document, in view of the provisions of Section 102 of the Act, be and are hereby accepted, as new set of the Articles of Association of the Company, in total replacement of the existing Articles of Association of the Company, which were adopted by special resolution, passed on 12th September 1963 and which were amended, from time to time.

RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby authorised to take all steps and to do all acts as may be necessary, proper or expedient to give effect to this resolution."

NOTES :

1. In view of the outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated 8th April 2020, Circular No.17/2020 dated 13th April 2020 and by Circular No. 20/2020 dated 5th May 2020 issued by the Ministry of Corporate Affairs, Government of India (the 'MCA Circulars') physical attendance of the Members at the AGM venue is not required and the same AGM can be held through video conferencing ('VC') or other audio visual means ('OAVM'). Hence, Members can attend and participate in the ensuing AGM through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. Though normally a member entitled to vote at the AGM is entitled to appoint proxy to attend and vote on his / her behalf and proxy need not to be a member, pursuant to the 'MCA Circulars', physical attendance of Members has been dispensed with. Accordingly, the facility to appoint proxy to attend and cast vote for the Members will not be available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, the bodies corporate are entitled to appoint authorised representatives to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.
3. The facility of joining the AGM through VC / OAVM will be opened 15 minutes before and 15 minutes after the scheduled time of the commencement of the AGM and the Members can join the AGM by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 Members on first come first served basis. This will not include large shareholders holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the AGM.
4. The Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.



5. In line with the 'MCA Circulars' and the SEBI Circular dated 12th May 2020; the Notice of calling the AGM and the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. The Notice and the Annual Report 2019-20, has been uploaded on the website of the Company at www.forcemotors.com. The Notice can also be accessed from the website of BSE Limited at www.bseindia.com. The AGM Notice is also available on the website of National Securities Depositories Limited (the 'NSDL') (agency for providing the e-Voting facility) i.e. www.evoting.nsdl.com.
6. The Statement, setting out the material facts, pursuant to Section 102 of the Companies Act, 2013 concerning the Special Business mentioned in the Notice, is annexed hereto. All documents are available for inspection, including the new set of regulations to be adopted as the Articles of Association, in place of existing Articles of Association of the Company, on the website of the Company viz. www.forcemotors.com
7. Brief details of the Directors, who are seeking re-appointment, are annexed hereto as per requirements of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
8. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and share transfer books of the Company will remain closed from Wednesday, 23rd September 2020 to Tuesday, 29th September 2020 (both days inclusive) for the purpose of AGM to ascertain entitlement for and payment of dividend to be declared.
9. Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to address their questions to the Company Secretary of the Company at compliance-officer@forcemotors.com, so as to reach before 14th September 2020; so that the information required may be made available at the Meeting or by e-mail.

Further, please note that considering the meeting will be held through VC, there will be limited opportunity for Members to interact with the management of the Company. Hence, the Members are requested to send all their queries to the Company in advance, so that the same are suitably answered at the meeting, subject to the first part of this note.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING :

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the MCA Circulars; the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with the 'NSDL' for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as e-voting on the date of the AGM will be provided by the 'NSDL'.

The remote e-voting period begins on Saturday, 26th September 2020 at 9.00 a.m. and ends on Monday, 28th September 2020 at 5.00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter.

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

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

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 are mentioned below :

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

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

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

4. Your User ID details are given below :

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

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



- (a) Click on “**Forgot User Details / Password?**” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - (b) Click on “**Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - (c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name and your registered address.
 - (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
 8. Now, you will have to click on “Login” button.
 9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 are given below :

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After you click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPEG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to sanjay_athavale@pghbhatwata.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details / Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Mr. Pratik Bhatt (022-24994738); Ms. Pallavi Mhatre (022-24994545) or Mr. Amit Vishal (022-24994360) at evoting@nsdl.co.in

Process for those shareholders whose email IDs are not registered, for procuring user-id and password and registration of email ID for e-voting for the resolutions set out in this notice :

1. In case shares are held in physical mode please provide Folio No., Name of the shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to sandip.pawar@linkintime.co.in or evoting@nsdl.co.in.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to sandip.pawar@linkintime.co.in or evoting@nsdl.co.in.

Instructions for Members for E-voting on the day of the AGM :

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

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM :

1. Member will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under Shareholders / Members login by using the remote e-voting credentials. The link for VC/OAVM will be available in Shareholder/ Members login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice to avoid last minute rush. Further, Members can also use the OTP based login for logging into the e-Voting system of the NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.
4. Please note that Participants connecting from mobile devices or tablets or through laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-fi or LAN connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name, demat account number / folio number, email id, mobile number at compliance-officer@forcemotors.com, so as to reach before 14th September, 2020; so that the information required may be made available at the Meeting or by e-mail.

OTHER MATTERS :

1. Members of the Company are requested to note that the dividend remaining unclaimed / unpaid for a period of seven years from the date of its transfer to Unclaimed Dividend Account shall be credited to the Investor Education and Protection Fund (the ‘IEPF’) set up by the Central Government. The Members who have so far not claimed the dividends declared for the Financial Years 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 are requested to make their claim with the Company immediately. The Company has uploaded the details of such shareholders on the website of the Company at www.forcemotors.com and also on the website of the Ministry of Corporate Affairs at www.mca.gov.in. Further, the Members who have not encashed dividend in previous consecutive seven years, are requested to approach the Company / Registrar and Transfer Agent for claiming the same as early as possible, to avoid transfer of the relevant shares to the ‘IEPF’.



2. The Securities and Exchange Board of India (the 'SEBI') has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Share Transfer Agent.

3. As a step for paperless communication with the Members of the Company, the Company has decided to forward all notices, circulars and other documents to be served on Members through electronic mode.

The Members of the Company are requested to communicate their e-mail addresses on which they would like to have these communications. The e-mail address can be communicated through the enclosed letter as per specimen signature recorded with the Company and addressed to the Secretarial Department, Force Motors Limited, Mumbai-Pune Road, Akurdi, Pune - 411 035 or Link Intime India Private Limited, Block No. 202, Akshay Complex, Near Ganesh Temple, Off. Dhole Patil Road, Pune - 411 001.

In view of the provisions of Section 20 of the Companies Act, 2013 read with Rule 35 of the Companies (Incorporation) Rules, 2014 henceforth the email id provided by the Members holding shares in dematerialized and physical form would be treated as email id provided by the Members for sending communication. Hence, annual report and notices of any general meeting or other communication would be made only on these e-mail ids and no separate paper communication would be made with such Members.

4. As per the SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015 and pursuant to SEBI Circular dated 20th April 2018, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment of dividend to the Members. Further, considering the current situation caused by COVID-19, and pursuant to the MCA Circulars, the dividend, if declared, will be paid through electronic mode, where the bank account details of the Members required for this purpose are available and the dividend through 'payable at par' warrants or cheques, to the Members who have not updated their bank details, will be paid after normalization of postal services.

For enabling the payment of dividend through electronic mode, the Members holding shares in physical form are requested to furnish the details well in advance to update particulars of their bank account to the Company's R & T Agent; Link Intime India Pvt. Ltd. along with a photocopy of a cancelled cheque of the bank account, self attested copy of Permanent Account Number (PAN) card by sending an e-mail on 'pune@linkintime.co.in'. Members holding shares in electronic form are requested to furnish their bank account details to their respective Depository Participants and make sure that such changes are recorded by them correctly well in advance. The request for updating of particulars of bank account should be signed as per the specimen signature registered with the RTA / Depository Participants, as the case may be.

INFORMATION ON TAX DEDUCTIBLE AT SOURCE ON DIVIDEND

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

Resident Shareholders :

1. Tax shall not be deducted for resident individual shareholders, if the

aggregate amount of dividend to be paid for Financial Year 2020-21 does not exceed ₹ 5,000/-.

2. Where, Permanent Account Number (PAN) is made available to the Company and is valid,

- Tax shall be deducted at source in accordance with Section 194 of the IT Act @ 7.5%.
- Tax at source shall not be deducted on the dividend payable in cases where the Individual shareholder provides duly completed and signed Form 15G or Form 15H (applicable to an individual above the age of 60 years), provided that all the eligibility conditions are met.
- The tax shall be deductible at lower / Nil rate on submission of self-attested copy of the Certificate issued under Section 197 of the IT Act.

3. Where PAN is either not available or is invalid, tax shall be deducted at source @ 20% under Section 206AA of the IT Act.

4. In order to provide exemption from withholding of tax, the following organisations must provide a self-declaration as listed below:

- Insurance Companies : A declaration that they are beneficial owners of the shares held;
- Mutual Funds : A declaration that they are governed by the provisions of Section 10(23D) of the IT Act along with copy of registration documents (self-attested);
- Corporation established by or under a Central Act which is under any law for the time being in force, exempt from income-tax on its income - Documentary evidence that the person is covered under Section 196 of the IT Act.

Non-Resident Shareholders :

1. Tax is required to be deducted in accordance with the provisions of Section 195 of the IT Act at applicable rates in force. Accordingly, tax @ 20% (plus applicable surcharge, and health and education cess) shall be deducted on the amount of dividend payable. The tax shall be deducted at lower / Nil rate on submission of self-attested copy of the certificate issued under Section 195(3) of the Act.

2. However, pursuant to Section 90(2) of the IT Act, non-resident shareholders have an option to be governed by the provisions of Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if such DTAA provisions are more beneficial to them.

To avail of DTAA benefits, the non-resident shareholder shall furnish the following documents not later than **5.00 p.m. (IST) on Tuesday, 22nd September 2020 to Link Intime India Private Limited (LIPL), RTA of the Company :**

- Self-attested copy of PAN allotted by the Indian income tax authorities;
- Self-attested Tax Residency Certificate (TRC) issued by the tax/competent authority of the country of residency, evidencing and certifying tax residency status in that country during Financial Year 2020-21;
- Duly completed and signed Form 10F; and
- Self-declaration by the non-resident shareholder

The above documents is in a language other than English, a duly notarized and apostilled copy thereof, translated in English language would have to be provided.

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

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

**For all Shareholders :**

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

In view of the prevailing COVID-19 situation, only scanned copies of the aforementioned documents will be accepted by the Company as per the procedure laid down. Duly completed and signed documents are required to be uploaded through the link <https://www.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> submitted to the R & T Agent, Link Intime India Private Limited (the "LI IPL") **on or before 5.00 p.m. (IST) on Tuesday, 22nd September 2020**, in order to enable the Company to determine and deduct appropriate TDS/ withholding tax.

On clicking the above link, the user will be prompted to select/share the following information to register their request:

1. Select the company (Dropdown)
2. Folio No./DP-Client ID
3. PAN
4. Financial year (Dropdown)
5. Form selection
6. Document attachment - 1 (PAN)
7. Document attachment - 2 (Forms)
8. Document attachment - 3 (Any other supporting document)

Please note that no communication on tax determination / deduction shall be entertained **after 5.00 p.m. (IST) on Tuesday, 22nd September 2020**. Documents received through any other modes viz. email or hand delivery will not be considered to determine / deduct TDS / with holding tax. For ease of reference, the Form 15G / Form 15H / Form 10F / Self Declaration, are attached separately to the mail, through which we are sending the Annual Report for the Financial Year 2019-20 to the shareholders.

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

Shareholders may view the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://incometaxindiaefiling.gov.in>.

Shareholders are requested to update their PAN and email address with their Depositories Participants (for shares held in demat mode) and with LI IPL (for shares held in physical mode), if not already done.

Disclaimer : This Communication shall not be treated as an advice from the Company or its affiliates or Link Intime India Private Limited.

Shareholders should obtain the tax advice related to their tax matters from a tax professional.

5. Members holding shares in single name are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website www.forcemotors.com.
6. In pursuance of the MCA Circulars and the SEBI, all documents referred to in the Notice and Statement thereto are open for inspection through electronic mode on the website of the Company till the conclusion of 61st Annual General Meeting.
7. Since the AGM will be held through VC / OAVM, the route map is not annexed to the Notice.
8. The Directors Identification Number (DIN) of the Directors are as follows :

Sl. No.	Name of Director	DIN
1	Mr. Abhaykumar Firodia	00025179
2	Mr. Prasan Firodia	00029664
3	Mr. Sudhir Mehta	00056867
4	Mr. Pratap Pawar	00018985
5	Mr. S. Padmanabhan	00001207
6	Mr. Nitin Desai	00140239
7	Mr. Arvind Mahajan	07553144
8	Dr. Indira Parikh	00143801
9	Mr. Arun Sheth	00086891
10	Mr. Anant Talaulicar	00031051
11	Lt. Gen. (Retd.) D.B. Shekatkar	02676828
12	Mr. Prashant V. Inamdar	07071502

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

Kishore P. Shah
Company Secretary &
Compliance Officer

Pune, 10th August 2020.

Registered Office :

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

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



ANNEXURE TO THE NOTICE

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

Item No. 3

Mr. Prashant V. Inamdar (DIN: 07071502)

Mr. Prashant V. Inamdar (DIN: 07071502), aged 55 years, diploma holder in Mechanical Engineering, is an Executive Director of the Company. Mr. Prashant V. Inamdar started his career at the Company as a Junior Engineer in 1984. Since then he has worked and proven his mettle in different divisions. During his tenure in Corporate Controlling he worked across Industrial Engineering, Management Information Services, Industrial Relations, Human Resource Development and SAP Implementation Projects. Special highlights in his career include the setting up of Engine Shop for MAN Trucks at Pithampur (Madhya Pradesh) and setting up plants in Chennai and Chakan (Pune). At present, Mr. Inamdar is Executive Director (Operations) of the Company and responsible for Operations of all the Plants of the Company.

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

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

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

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

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

Item No. 4

Contribution to bona fide charitable and other funds

As per the provisions of Section 181 of the Act, prior permission of the Company, in general meeting, is required to contribute to bona fide charitable and other funds, if the aggregate amounts, in any financial year exceeds 5% of the Company's average net profit for three immediately preceding financial years. Considering the Company's profitability position in recent years and the requirement of donating certain amount to charitable institutions, the Board of Directors consider that the consent of the Members of the Company should be obtained to contribute the sum up to ₹ 25,00,00,000/- (Rupees Twenty five crore only) to bona fide charitable and other funds during the Financial Year 2020-21.

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

The Board recommends the resolution as set out in Item No. 4 for the approval of the Members of the Company.

Item No. 5

Appointment or Cost Accountants with remuneration

The Board, after considering the recommendation of the Audit Committee, has approved the appointment and remuneration to M/s. Joshi Apte & Associates, Cost Accountants, Pune to conduct verification and review of the cost records of the Company for the Financial Year ending 31st March 2021 on a remuneration of ₹ 2,40,000/- (Rupees Two lakh forty thousand only) plus travelling and out of pocket expenses and taxes, if any.

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

The said appointment of M/s. Joshi Apte & Associates was made by the Board, on the basis of recommendation of the Audit Committee.

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

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

Item No. 6

Modification in the terms and conditions, related to remuneration payable to Mr. Prasan Firodia as Managing Director of the Company

The Members of the Company, in their Annual General Meeting, held on 19th September 2019, approved the re-appointment of Mr. Prasan Firodia as the Managing Director of the Company and approved the payment of remuneration to him, in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule V to the Act and the provisions of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 and as per the applicable SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015.

As per the said resolution, it was approved that the total remuneration payable to Mr. Prasan Firodia shall not exceed 5% of the net profit of the Company, computed as per the provisions of Section 198 of the Act, including commission, as reduced by salary, perquisites and cost of benefits, incurred by the Company for the Managing Director. The Members are aware that, the Company has two Working Directors viz. Mr. Prasan Firodia and Mr. Prashant V. Inamdar, who are in receipt of remuneration from the Company. Considering the provisions of Section 197 (1) (second proviso) of the Act, the remuneration payable to the Managing Director and Whole-time Directors together shall not exceed 10% of the net profit of the Company for any year.

During the Financial Year 2019-20, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, decided to make payment of commission of ₹ 2,50,00,000/- (Rupees Two crore fifty lakh only) to Mr. Prasan Firodia, which with salary paid to him and value of perquisites and benefits made available to him, as per the above referred special resolution, with remuneration paid to the Whole-time Director is less than 10% of the net profit of the Company, computed as per the provisions of Section 197 of the Act, but in view of the conditions contained in the said resolution dated 19th September 2019 and as such payment is more than 5% of such net profit therefore, as matter of caution, the Board of Directors decided to seek approval of the Members of the Company, by a special resolution, as per the Item No.6 for resetting the limit of remuneration payable to the Managing Director, as recommended in the resolution.

The Board of Directors in its meeting held on 29th June 2020 accorded its consent for payment of commission of ₹ 2,50,00,000/- (Rupees Two crore fifty lakh only) to Mr. Prasan Firodia, Managing Director, for the Financial Year 2019-20, as recommended by the Nomination and Remuneration Committee.



As per the second proviso to Section 197(1) of the Act, remuneration to any one managing director/ whole-time director for a financial year can exceed 5% of the net profits of the company for that financial year, as computed in the manner laid down in Section 198 of the Act, only with approval of the company in general meeting by a special resolution.

As the total remuneration paid to Mr. Prasan Firodia for the Financial Year 2019-20, including the commission of ₹ 2,50,00,000/- (Rupees Two crore fifty lakh only) being paid to him, exceeds 5% of the net profit of the Company for the Financial Year 2019-20, computed as per the provisions of Section 198 of the Act; the special resolution under Item no. 6 is being put before the shareholders for their approval.

Further, the Nomination and Remuneration Committee of the Company has also recommended; for withdrawal of the condition that total remuneration payable to Mr. Prasan Firodia, Managing Director of the Company, not exceeding 5% of the net profits of the Company, as computed under the provisions of Section 198 of the Companies Act, 2013. The same is also put before the shareholders for their approval.

None of the Directors / Key Managerial Personnel of the Company or their relatives except Mr. Abhaykumar Firodia, Chairman and Mr. Prasan Firodia, Managing Director, of the Company, is concerned or interested, in any way, in this resolution, except to the extent of their respective shareholding, if any, in the Company.

The Board recommends this special resolution as set out in Item no. 6 for the approval of the Members of the Company.

Item No. 7

Adoption of new set of Regulations as the Articles of Association of the Company

The Company was incorporated as a Private Company, with the original Articles of Association. The Company became a public company sometime in the year 1961 and became a Company whose shares are quoted on stock exchange in the year 1964.

The present Articles of Association were adopted by the Members in their General Meeting held in the year 1963. During the last 57 years, amendments were carried out in the Articles of Association, following the procedure prescribed by the Companies Act, 1956, from time to time, to incorporate the articles / regulations, particularly relating to

dematerialization of shares of the Company and connected with other aspects. Some of the Articles in force at that time were also deleted.

On this background, the Board considered to adopt new set of Regulations as its Articles of Association of the Company, as was vetted by its legal consultant. A copy of the proposed new Articles to be adopted is available for inspection on the website of the Company,

The Board of Directors of the Company, in this background decided to substitute the new set of regulations, as the Articles of Association of the Company, subject to approval of the Members, as per the provisions of Section 14 and other applicable provisions of the Act. The objective is to align the Articles of Association of the Company, to the provisions of the Companies Act, 2013 and to changing environment, in which the Company, being a company, whose shares are listed on a Stock Exchange, is required to organize its internal management. A copy of the proposed new set of Regulations, to be adopted as the Articles of Association is available for inspection on the website of the Company.

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

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

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

Pune, 10th August 2020.

Registered Office :

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

CIN : L34102PN1958PLC011172

Website: www.forcemotors.com

Phone : (Board) +91 20 2747 6381

E-mail : compliance-officer@forcemotors.com

Kishore P. Shah
Company Secretary &
Compliance Officer



BOARD'S REPORT

To
The Members,
The Directors are pleased to present the 61st Annual Report, together with the audited standalone and consolidated Financial Statements for the Financial Year ended on 31st March 2020.

1. Financial Results

(₹ in Lakh)
Standalone

Particulars	2019-20	2018-19
Revenue from Operations	3,08,013	3,65,210
Other Income	4,277	8,162
Profit before Depreciation, Exceptional Items & Taxes	28,341	34,473
Depreciation	19,452	15,092
Profit before Exceptional Items and Tax	8,889	19,381
Exceptional Items	(3,906)	--
Profit before Tax	4,983	19,381
Provision for Taxation	(836)	4,663
Profit After Tax	5,819	14,718
Other Comprehensive Income/(Loss)	(146)	478
Comprehensive Income for the year	5,673	15,196
Equity Dividend	1,318	1,318
Tax on Equity Dividend	271	271
Balance in Retained Earnings	1,54,608	1,50,277

Consolidated

Particulars	2019-20	2018-19
Revenue from Operations	3,08,052	3,65,245
Other Income	4,277	8,162
Profit before Depreciation, Exceptional Items & Taxes	28,380	34,507
Depreciation	19,452	15,092
Share of Profit/(Loss) of Joint Venture	(821)	(401)
Profit before Exceptional Items & Tax	8,107	19,014
Exceptional Items	(3,906)	--
Profit before Tax	4,201	19,014
Provision for Taxation	(826)	4,672
Profit After Tax	5,027	14,342
Other Comprehensive Income/(Loss)	(147)	477
Comprehensive Income for the year	4,880	14,819
Attributable to :		
(a) Equity holders of the Company	4,870	14,810
(b) Non Controlling Interest	10	9
Transfer to General Reserve	5	4
Equity Dividend	1,318	1,318
Tax on equity dividend	271	271
Balance in Retained Earnings	1,53,505	1,50,050

Considering the reserve position of the Company, the Board of Directors of your Company decided not to transfer further amount from the profits for the Financial Year under report to General Reserve.

The Audited Consolidated Financial Statements in accordance with the Companies Act, 2013 ('the Act') and Indian Accounting Standard 110 on Consolidated Financial Statements, are provided in this Annual Report.

2. State of Company's Affairs and Future Outlook

The business environment in the country had begun to dampen already by the end of the year 2018-19. During the year 2019-20, the economy remained weak and our business of making light commercial vehicles shrank, as it is seen in the turnover and production numbers available in the financial report.

The incongruity, of burdening passenger vans with seating capacity between 10 and 13 seats, with an illogical higher rate of duty continues. This further affects the market for a large variety of our products.

The component business for supply of Engines and Axles to Mercedes Benz and BMW, saw over 30% reduction in turnover.

For a unique, monocoque lightweight panel bus concept - the Company completed during the previous year, the development activity for both, the 33 and 41 seat capacity vehicles. A modern new facility, with robotic welding, has been installed and commissioned for the above "TRAVELLER MONOBUSES" - the T3 platform. The production of these vehicles began only in last quarter of the year under report, due to the impending transition from BS-IV to BS-VI emission requirements, coming into effect from 1st April 2020.

When the market revives after the COVID-19 crisis, we shall be ready to put, these unique light weight monocoque vehicles in the market. Although the initial numbers fielded in March 2020, have received enthusiastic customer / operator approval. This platform is especially suitable by design, for electrification, and the project for the same is commenced.

For all the popular variants of the Company's light commercial vehicle range, both passenger and goods versions of the Traveller family, appropriate dedicated BS-VI engines, especially developed exhaust gas treatment devices, and appropriate fuel injections systems and programmes, are available. As also for the new Trax platform, and the new Gurkha range - in 4x4 version. The production of BS-VI vehicles was started from January 2020. Henceforth as BS-VI standard will be applicable, it is an important aspect that the appropriate technology solutions, for the full range of Traveller, light commercial vehicles and Trax MUVs have been realised.

3. Change in Nature of Business, if any

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

4. Dividend

The Board recommended a dividend of ₹ 10/- per share for the year under review in its meeting held on 29th June 2020.

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

5. Share Capital

The paid-up equity share capital as on 31st March 2020 was ₹ 13.18 Crore. There was no public issue, rights issue, bonus issue or preferential issue etc. during the year under review. The Company has not issued any shares with differential voting rights or granted stock options or sweat equity, during the year under review.

6. Annual Return

The Annual Return as on 31st March 2020, pursuant to the provisions of Section 92 of the Act and the Rules framed there under, is available on the website of the Company at <https://www.forcemotors.com/investors#shareholders-information>.

The extract of Annual Return as on 31st March 2020, in the prescribed Form MGT-9, is annexed to this report.

7. Number of Meetings of the Board of Directors

During the Financial Year 2019-20, there were six meetings of the Board of Directors of the Company, held on 27th May 2019, 26th July 2019, 17th October 2019, 8th December 2019, 30th January 2020 and 18th March 2020. Detailed information is provided in the Corporate Governance Report.

8. Particulars of Loans, Guarantees or Investments

The Company has not given any loans, guarantees under Section 186 of the Act during the year under review. During the year, the Company has made an investment of ₹ 66,30,00,000/- in tranches, in the equity shares of Force MTU Power Systems Private Limited (FMTU), a subsidiary of the Company. Particulars of investments made by the Company upto the previous financial year are provided in the Financial Statement attached to this Report.

9. Particulars of Contracts or Arrangements with Related Party

During the Financial Year 2019-20, pursuant to Section 177 of the Act and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all related party transactions (RPTs) were placed before the Audit Committee for its requisite approval.

During the year under review, the Members ratified the Trade Mark License Agreement, executed on 10th May 2019, granting license at a consideration of ₹ 1,000/- per annum, to 'FMTU', subsidiary of the Company and also a related party, considering the provisions of Sections 2(76) and 188 of the Act. As 'FMTU' is a related party of the Company, the minimum consideration is being charged to FMTU for using Company's Marks. The matter was put before the members for their ratification.

All other related party transactions entered during the year were on arm's length basis. There were no material related party contract(s) or arrangement(s) or transaction(s) during the year under review, as defined under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

10. Explanation / Comments on any Qualification of Auditors

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

11. Material Changes and Commitments

From the last quarter of the previous year gradually the COVID-19 pandemic began to spread resulting in an unprecedented lockdown countrywide, from 24th March 2020. This disruption in production and commercial activities of the Company, is the most severe in the history of the Company. All plants of the Company remained nearly totally shut down, for an extended period of time upto two months. Very limited activities, for completing work in

progress, could commence from June 2020 onwards. But the supply chain for supply of components from vendors, the Company's own manufacturing plants, as also the outward supply chain organisations were largely dysfunctional for several weeks. A few of the Company's employees, also vendor and dealer employees, when found COVID-19 positive, meant quarantining large number of people and shutting down of certain sections of activities. The situation is gradually now improved till the time of this report, yet as reported, in the first quarter of the current year, on the basis of the unaudited financial results published, the Company has suffered a net loss of ₹ 63 Crore.

Restoration of full normalcy in commercial activities, the availability of manpower with us and our suppliers, and thereby restoration of logistics chain is expected to occur by early October 2020, if then.

Meanwhile, every effort is made to control the costs in a comprehensive, systematic, and emphatic manner. The Company has taken a broad view, and in spite of the severe loss situation for the business, substantial salary payments to the employees are maintained.

Already from April 2020 onwards, the Company embarked on a major Social Service Campaign, by allocating ₹ 15 Crore - for providing support to select organisations, social agencies, institutions, including NGOs, and to the governments, to combat the crisis of the COVID-19 pandemic.

In several cities of Maharashtra, and also certain cities in Karnataka, Tamil Nadu and Telangana, programmes were undertaken to support the Bhartiya Jain Sanghatna (BJS), using hundreds of Traveller and other available Ambulances and Vans, to organise medical relief to the population which was stuck up in very many severe containment zones. With appropriate protection for doctors, medicals, drivers and volunteers - these Vans operated, in an organised basis in several cities. The total number of citizens covered - upto end of July 2020 was 15 lakh persons. In the months of April and May particularly the shutdown isolated all citizens. Most could not seek any medical attention or services of doctors. Titled as "Doctor at your doorstep" - this campaign did a splendid job. From the 15 lakh people reached in lockdown zones, straining to get medical attention - 28,000 were identified as COVID-19 positive.

The Company also made available to the Government of Maharashtra and Madhya Pradesh significant donations in the Chief Minister Fund to support the task to combat COVID-19. A large number of ventilators, PPE dresses, etc. were made available at our cost to major hospitals. Meal packages to suffice for 3 lakh meals were distributed to the needy in select areas of Maharashtra, Madhya Pradesh and Bihar.

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

The Company has continued its efforts to organize incremental improvements in energy conservation across plant locations, plant equipment and technologies. To bring down power consumption, a number of steps have been initiated, at all plants, comprising of -

- Solar power is being used for various functions across the plants of the Company, resulting in the increased use of clean energy *vis-a-vis* other sources of energy,
- Ensuring preventive maintenance of air compressors to avoid overloading of motor with reduced output, thus conserving the energy substantially,
- Conventional window AC & split AC are replaced with VRF systems.



- Timer, solenoid, sensor, localized switches etc. provided suitably at different machines / applications to reduce wastage by avoiding idle running of equipment,
- Wind ventilators are fitted at Chakan plant to improve air ventilation;
- Compressors are replaced with new energy efficient compressors,
- Translucent sheets in the roof, improves natural lighting and reduces electric lighting load,
- Automated arrangement for switching off lights and machines when not in use,
- Large scale switch-over to LED lamps throughout various plants, and estates of the Company,
- Rain water is being conserved and used for gardening in the company's factories saving lots of water and
- Aerators have been fitted in the washing areas which substantially curtailed water wastage.

Technology Absorption

The Company's strong and sustained efforts at Research and Development and Production Engineering, to develop and bring into production the next generation product platforms, including latest engines, matching transmissions, etc. enabled the Company, by the end of the Financial Year 2019-20 to renew and bring to market, the latest versions of the Traveller T1 and T2 platforms, in terms of various regulatory compliances, requiring very significant engineering efforts and changes. But also enabled us to complete the design, development, prototyping and initial testing, of three completely new platforms.

As a future successor to the Company's flagship product the Traveller, the internationally benchmarked next generation van project, code named T1N, in both its IC engine and electric version, were put on display at the Auto Expo held at Delhi between 5th and 12th February 2020.

The next generation Trax platform, along with a highly sportive and rugged "Gurkha" family of vehicles, in 4x4 configuration with complete new engines, drivelines, body interiors – offering an excellent modern product to the customers, were also showcased at the Auto Expo 2020.

The Company also showcased the T3 platform of buses, with seating capacity between 33 and 41 seats, adaptable for various applications, including intracity (innercity) and intercity (long distance) transportation of passengers - with a variety of interiors, door configurations, etc. These monocoque buses represent a completely new standard in bus technology, enabling very significant reduction in vehicle weights, with an expectation to lead to substantial savings in fuel costs, and also provide world-class ride and handling experience, for both the passengers and the driver operators.

Significant progress is made in prototyping of various versions of Electric Vehicles, for respective market segments, serviced by the Company. The Company plans to produce its own electric propulsion aggregates, as also comprehensive electronic controls and circuitry management, and programming devices. The technology absorption for the above aspects of electric vehicles project, have progressed in a smooth manner till the COVID-19 lockdown.

Technology was absorbed and deployed by the Company by way of having developed completely new engines, gearboxes, axles, new bodies and high-class interiors. The introduction of 3 completely new platforms, in a space of a year, is one of the most significant achievements in the Company's history. By end of the Financial Year 2019-20, the Company

has achieved capability to ensure that it will have in its portfolio - cost-effective, competent and attractive products - over the next decade. Of course, continuous technology absorption, product upgradation and continued improvement in manufacturing facilities, is always going to be necessary. Besides comprehensive, detailed and in depth Research and Development efforts of its own, your Company has also sourced class leading technology from several global technology consultants.

The new facilities built for Research and Development in electric vehicles, and separately for noise vibration harshness (NVH) refinement, have been during the year put to regular usage.

(₹ in Lakh)

Particulars	2019-20	2018-19
Capital Expenditure on R&D	19,991	14,069
Revenue Expenditure on R&D	8,948	6,372
Total R&D Expenditure	28,939	20,441
Total Income	3,12,290	3,73,372
% of total R&D Expenditure to Total Income	9.27	5.47
Revenue from Operations	3,08,013	3,65,210
% of total R&D Expenditure to Revenue from Operations	9.40	5.60

Foreign Exchange Earnings and Outgo

The foreign exchange earned by the Company during the year under review was ₹ 45.58 Crore as against ₹ 21.51 Crore during the previous year.

Total foreign exchange outflow during the year under review was ₹ 1,042.38 Crore as compared to ₹ 1,288.50 Crore during the previous year.

13. Subsidiaries

Tempo Finance (West) Private Limited is a subsidiary of the Company. The Board of Directors of the Company have reviewed the affairs of the Subsidiary Company.

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

As per Section 129 of the Act, the Company has prepared the Consolidated Financial Statements of the Company and its subsidiaries, which forms part of the Annual Report. A statement containing the salient features of the Financial Statement of Subsidiaries / Associate Companies / Joint Ventures in the prescribed format AOC-1, forms part of the Audited Financial Statement of the Company.

The Audited Financial Statements of subsidiary companies are available on the website of the Company www.forcemotors.com for inspection by any Member.

These Financial Statements and the policy for 'Determining Material Subsidiaries and its Governance Framework' is placed on the Company's website www.forcemotors.com.

14. Risk Management

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

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

15. Changes in the Directors and Key Managerial Personnel

Mr. Yeshwant M. Deosthalee, an Independent Director (DIN:00001698), resigned w.e.f. 26th July 2019, due to his health issues. The Board placed on record its sincere appreciation for the contributions made by him during his association with the Company.

During the year under review, shareholders approved the re-appointment of Mr. Abhaykumar Firodia, Chairman, Mr. Prasan Firodia, Managing Director, Mr. Prashant V. Inamdar, Executive Director (Operations) and Mr. Arvind Mahajan, Independent Director; of the Company, whose earlier terms expired on 19th September 2019, 5th November 2019, 15th January 2020 and 27th September 2019 respectively.

Mr. Prashant V. Inamdar (DIN: 07071502), Executive Director (Operations) of the Company, retires by rotation and being eligible, offers himself for reappointment. All the necessary information pertaining to Mr. Prashant V. Inamdar, Executive Director (Operations) of the Company, retiring by rotation is a part of the Statement attached to the notice dated 10th August 2020.

In view of the same, resolution as set out in Item no. 3 in the Notice of the Annual General Meeting, is proposed for approval of the Members.

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

16. Declaration of Independent Directors

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

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

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company's operations in future, during the year under report.

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

18. Adequacy of Internal Financial Controls

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

19. Fixed Deposits

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

Sr. No.	Particulars	Nos.	₹ in Lakh
a)	accepted or renewed during the year	0	0
b)	remained unpaid or unclaimed as at the end of the year (31st March 2020)*	11	2.95
c)	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved.		
	i) at the beginning of the year	Nil	Nil
	ii) maximum during the year	Nil	Nil
	iii) at the end of the year	Nil	Nil

* Includes 5 nos., fixed deposits amounting to ₹ 60,000 which are matured, claimed but have been withheld on the instructions of Statutory Authorities (CBI) and will be repaid upon their approval.

20. Corporate Social Responsibility (CSR)

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

21. Audit Committee

The Audit Committee of the Company consists of Mr. Pratap Pawar, Mr. Arun Sheth, Dr. Indira Parikh and Mr. Sudhir Mehta. Of them, Mr. Pratap Pawar, Mr. Arun Sheth and Dr. Indira Parikh are the Independent Directors. For more details of the Committee, please refer heading Audit Committee of the Report on Corporate Governance.

The Company has established a vigil mechanism, formulated a Whistleblower Policy, and the Committee would oversee the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The mechanism provides direct access to the Chairman of the Audit Committee in exceptional cases. The details of the mechanism / policy are disclosed on the website of the Company www.forcemotors.com.

22. Policy on Directors Appointment and Criteria

The Policy and other related matters as provided under Section 178 (3) of the Act, is available on the website of the Company www.forcemotors.com.

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

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

**24. Corporate Governance**

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

25. Business Responsibility Report

In terms of the Regulation 34 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report forms part of the Annual Report. The same is annexed herewith.

26. Details of Directors and Employees' Remuneration

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

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

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

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

Internal Complaints Committee has been set up to redress complaints, if any, received regarding sexual harassment. All employees, as defined under the said Act, are covered under this policy. Awareness programs were carried out against sexual harassment. There were no complaints received during the year under review.

28. Details of Frauds Reported by Auditors

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

29. Directors' Responsibility Statement

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

- in the preparation of the Annual Financial Statements for the year ended 31st March 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- for the Financial Year ended 31st March 2020, such accounting policies as mentioned in the Notes to the Financial Statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the profit of the Company for the year ended 31st March 2020;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Annual Financial Statements have been prepared on a going concern basis;

- that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively;
- that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

30. Secretarial Standards of the ICSI

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

31. Statutory Auditor

The Shareholders, at the 58th Annual General Meeting, appointed M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Registration No. 105215W/W100057), Pune, as the Statutory Auditors of the Company for a period of five years, i.e. upto the conclusion of the 63rd Annual General Meeting.

32. Cost Accountant

The Board of Directors of the Company had appointed M/s. Joshi Apte & Associates, Cost Accountants, Pune, for verification and review of the Cost Records of the Company, for the Financial Year 2019-20. M/s. Joshi Apte & Associates, Cost Accountants, Pune, have verified and reviewed the said records for the Financial Year 2019-20.

33. Secretarial Audit Report

Mr. I. U. Thakur, Company Secretary in Practice having Membership No. FCS 2298, was appointed to conduct the Secretarial Audit of the Company for the Financial Year 2019-20, as required under Section 204 of the Act and Rules made thereunder. The Secretarial Audit Report, in Form MR-3, for the Financial Year 2019-20 is annexed to this Report.

34. Industrial Relations

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

35. Appreciation

The Directors express their gratitude to the Dealers, Suppliers and Banks for their support, and express their warm appreciation for the sincere co-operation and dedicated work by the employees of the Company.

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

Abhaykumar Firodia
Chairman
DIN: 00025179

Pune, 29th June, 2020

Registered Office :

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

CIN: L34102PN1958PLC011172

Website : www.forcemotors.com

Phone : (Board) +91 20 2747 6381

E-mail : compliance-officer@forcemotors.com



ANNEXURE TO THE BOARD’S REPORT

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

1. The ratio of the remuneration of each Director to the median remuneration of the Employees of the Company for the Financial Year 2019-20 & increase in the remuneration in the Financial Year 2019-20 :

Sr. No.	Name	Ratio of Remuneration to each Director/ to median remuneration of employees	% Increase / Decrease in the Financial Year
(A)	Whole-time Director / Managerial Personnel		
1.	Mr. Prasan Firodia, Managing Director	81.64	18.96
2.	Mr. Prashant V. Inamdar, Executive Director (Operations)	23.27	8.03
(B)	Non-Executive Directors		
1.	Mr. Sudhir Mehta	0.81	11.11
2.	Mr. Arvind Mahajan	0.73	50.00
3.	Mr. Arun Sheth	0.57	(22.22)
4.	Mr. Pratap Pawar	0.90	37.50
5.	Mr. S. Padmanabhan	0.98	20.00
6.	Mr. Nitin Desai	0.73	28.57
7.	Dr. Indira J. Parikh	0.65	(20.00)
8.	Mr. Y. M. Deosthalee *	0.16	0.00
9.	Mr. Anant J. Talaulicar	0.33	--
10.	Lt. Gen. (Dr.) D. B. Shekatkar	0.41	--
	Key Managerial Personnel		
1.	Mr. Sanjay Kumar Bohra, Chief Financial Officer	30.22	4.95
2.	Mr. Kishore P. Shah, Company Secretary	2.77	1.74

* Ceased to be a Director of the Company w.e.f. 26th July, 2019.

2. Mr. Abhaykumar Firodia, Chairman of the Company, is not drawing any remuneration from the Company.
3. The percentage increase in the median remuneration of employees is 20% for the Financial Year 2019-20.
4. There were 4,737 permanent employees excluding trainees and contractual employees on the rolls of the Company as on 31st March 2020.
5. The average percentage increase in the salaries of employees other than the managerial personnel in the last Financial Year 2019-20 was 9% whereas percentage increase in the managerial remuneration was 13.5% for the same Financial Year.
6. It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.



Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31st March 2020.

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

- i) CIN : L34102PN1958PLC011172
 ii) Registration Date : 8th September 1958
 iii) Name of the Company : Force Motors Limited
 iv) Category / Sub-Category of the Company : Public Company Limited by Shares
 v) Address of the Registered Office and contact details : Mumbai-Pune Road, Akurdi, Pune - 411 035, Phone no. +91 20 27476381
 vi) Whether listed company : Yes
 vii) Name, Address and Contact details of Registrar and Transfer Agent, if any :
 Link Intime India Private Limited, Block no.202, Akshay Complex, Near Ganesh Temple, Off. Dhole Patil Road, Pune - 411 001.
 Phone no. +91 20 26160084 / 26161629.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company :

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service				% to Total turnover of the Company
		Division	Group	Class	Sub Class	
1	Light Commercial Vehicles & Utility Vehicles	29	291	2910	29102	56.00
2	Engines	29	291	2910	29104	28.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	Jaya Hind Industries Limited Mumbai-Pune Road, Akurdi, Pune - 411 035.	U74999PN1947PLC005480	Holding	57.38	2(46)
2	Tempo Finance (West) Private Limited Mumbai-Pune Road, Akurdi, Pune - 411 035.	U65910PN1991PTC062179	Subsidiary	66.43	2(87)
3	Force MTU Power Systems Private Limited Mumbai-Pune Road, Akurdi, Pune - 411 035.	U29309PN2018PTC178041	Subsidiary	51.00	2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2019)				No. of Shares held at the end of the year (31.03.2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1 Indian									
a) Individual / HUF	590419	0	590419	4.48	560419	0	560419	4.25	-0.23
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	7559928	0	7559928	57.38	7559928	0	7559928	57.38	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):	8150347	0	8150347	61.86	8120347	0	8120347	61.63	-0.23
2 Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	8150347	0	8150347	61.86	8120347	0	8120347	61.63	-0.23

	Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2019)				No. of Shares held at the end of the year (31.03.2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B.	Public Shareholding									
1	Institutions									
a)	Mutual Funds	382078	0	382078	2.90	177096	0	177096	1.34	-1.56
b)	Banks / FI	42350	1100	43450	0.33	63693	1100	64793	0.49	0.16
c)	Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d)	State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f)	Insurance Companies	20055	0	20055	0.15	20055	0	20055	0.15	0.00
g)	FIs / FPI	560243	0	560243	4.25	468162	0	468162	3.55	-0.70
h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (B) (1):	1004726	1100	1005826	7.63	729006	1100	730106	5.54	-2.09
2	Non-Institutions									
a)	Bodies Corp.									
i)	Indian	240581	10841	251422	1.91	329400	2627	332027	2.52	0.61
ii)	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	2861869	318558	3180427	24.14	3088273	293811	3382084	25.67	1.53
ii)	Individual shareholders holding nominal share capital in excess of ₹1 lakh	167580	0	167580	1.27	193664	0	193664	1.47	0.20
c)	Others									
	IEPF	44373	0	44373	0.34	46084	0	46084	0.35	0.01
	Trusts	2647	0	2647	0.02	2797	0	2797	0.02	0.00
	Hindu Undivided Family	207562	0	207562	1.58	214743	0	214743	1.63	0.05
	Non Resident Indians (Non Repat)	32727	0	32727	0.25	33263	0	33263	0.25	0.00
	Other Directors & Relative	0	0	0	0.00	0	0	0	0.00	0.00
	Non Resident Indians (Repat)	68333	16700	85033	0.65	81236	16700	97936	0.74	0.10
	Unclaimed Shares	461	0	461	0.00	461	0	461	0.00	0.00
	Clearing Member	44562	0	44562	0.34	21500	0	21500	0.16	-0.18
	FPI (Individual)	0	0	0	0.00	450	0	450	0.00	0.00
	NBFCs registered with RBI	3295	0	3295	0.03	800	0	800	0.01	-0.02
	Sub-total (B) (2):-	3673990	346099	4020089	30.51	4012671	313138	4325809	32.83	2.32
	Total Public Shareholding (B) = (B)(1) + (B)(2)	4678716	347199	5025915	38.14	4741677	314238	5055915	38.37	0.23
c)	Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total (A + B + C)	12829063	347199	13176262	100	12862024	314238	13176262	100	0.00

Note : In the above Shareholding pattern, Promoter includes the 'Promoter Group', consisting of relatives of 'Promoters'.

(ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2019)			Shareholding at the end of the year (31.03.2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1	Jaya Hind Industries Limited	7559928	57.38	0.00	7559928	57.38	0.00	0.00
2	Abhaykumar Navalmal Firodia	264351	2.01	0.00	264351	2.01	0.00	0.00
3	Prasan Firodia	220763	1.68	0.00	220763	1.68	0.00	0.00
	Total	8045042	61.06	0.00	8045042	61.06	0.00	0.00



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

Sl. No.	Name of the Promoters	Shareholding at the beginning of the year (01.04.2019)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	JAYA HIND INDUSTRIES LIMITED At the beginning of the year At the end of the year (31.03.2020)	7559928	57.38	7559928	57.38
2	Abhaykumar Navalmal Firodia At the beginning of the year At the end of the year (31.03.2020)	264351	2.01	264351	2.01
3	Prasan Firodia At the beginning of the year At the end of the year (31.03.2020)	220763	1.68	220763	1.68

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

Sl. No.	For each of the top 10 Shareholders	Shareholding at the beginning of the year (01.04.2019)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Jupiter India Fund At the beginning of the year – Sale of shares as per report dated 10.01.2020 Sale of shares as per report dated 21.02.2020 Sale of shares as per report dated 06.03.2020 At the end of the year	400679 -11030 -4626 -4679	3.04 -0.08 -0.04 -0.04	 389649 385023 380344 380344	 2.96 2.92 2.89 2.89
2	Tata Mutual Fund - Tata Small Cap Fund At the beginning of the year – Purchase of shares as per report dated 12.04.2019 Purchase of shares as per report dated 19.04.2019 Purchase of shares as per report dated 26.04.2019 Purchase of shares as per report dated 17.05.2019 Purchase of shares as per report dated 29.06.2019 Purchase of shares as per report dated 02.08.2019 Purchase of shares as per report dated 09.08.2019 Purchase of shares as per report dated 16.08.2019 Purchase of shares as per report dated 06.12.2019 Purchase of shares as per report dated 13.03.2020 Purchase of shares as per report dated 20.03.2020 At the end of the year	0 20606 5000 4500 7000 2300 6100 2000 1600 50000 10500 10600	0.00 0.16 0.04 0.03 0.05 0.01 0.05 0.02 0.01 0.38 0.08 0.08	 20606 25606 30106 37106 39406 45506 47506 49106 99106 109606 120206 120206	 0.16 0.19 0.23 0.28 0.29 0.35 0.36 0.37 0.75 0.83 0.91 0.91
3	Jupiter South Asia Investment Company Limited - South Asia Access Fund At the beginning of the year – Sale of shares as per report dated 20.09.2019 Sale of shares as per report dated 20.12.2019 Sale of shares as per report dated 27.12.2019 Sale of shares as per report dated 17.01.2020 Sale of shares as per report dated 28.02.2020 Sale of shares as per report dated 06.03.2020 At the end of the year	91544 -9128 -883 -874 -1897 -3469 -4407	0.69 -0.07 -0.01 -0.01 -0.01 -0.03 -0.03	 82416 81533 80659 78762 75293 70886	 0.63 0.62 0.61 0.60 0.57 0.54
4	Sundaram Mutual Fund A/c Sundaram Emerging Small Cap - Series II At the beginning of the year – Sale of shares as per report dated 06.09.2019 Sale of shares as per report dated 13.09.2019 Sale of shares as per report dated 20.09.2019 Sale of shares as per report dated 27.09.2019	382076 -14151 -48290 -7818 -6064	2.90 -0.11 -0.37 -0.06 -0.05	 367925 319635 311817 305753	 2.79 2.43 2.37 2.32

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2019)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	Sale of shares as per report dated 30.09.2019	-604	0.00	305149	2.32
	Sale of shares as per report dated 11.10.2019	-5530	-0.04	299619	2.27
	Sale of shares as per report dated 18.10.2019	-10209	-0.08	289410	2.20
	Sale of shares as per report dated 25.10.2019	-8759	-0.07	280651	2.13
	Sale of shares as per report dated 01.11.2019	-42848	-0.33	237803	1.80
	Sale of shares as per report dated 08.11.2019	-12526	-0.10	225277	1.71
	Sale of shares as per report dated 15.11.2019	-15313	-0.12	209964	1.59
	Sale of shares as per report dated 22.11.2019	-33969	-0.26	175995	1.34
	Sale of shares as per report dated 29.11.2019	-21765	-0.17	154230	1.17
	Sale of shares as per report dated 06.12.2019	-55485	-0.42	98745	0.75
	Sale of shares as per report dated 13.12.2019	-2233	-0.02	96512	0.73
	Sale of shares as per report dated 20.12.2019	-4878	-0.04	91634	0.70
	Sale of shares as per report dated 27.12.2020	-10582	-0.08	81052	0.62
	Sale of shares as per report dated 31.12.2020	-24122	-0.18	56930	0.43
	Sale of shares as per report dated 06.03.2020	-102	0.00	56828	0.43
	At the end of the year			56828	0.43
5	Sushma Dhoot				
	At the beginning of the year –	47800	0.36		
	At the end of the year			47800	0.36
6	Investor Education and Protection Fund Authority Ministry of Corporate Affairs				
	At the beginning of the year –	44373	0.34		
	Sale of shares as per report dated 01.11.2019	-50	0.00	44323	0.34
	Purchase of shares as per report dated 15.11.2019	1761	0.01	46084	0.35
	At the end of the year			46084	0.35
7	Union Bank of India				
	At the beginning of the year –	41450	0.31		
	At the end of the year			41450	0.31
8	Wallfort Financial Services Ltd.				
	At the beginning of the year –	0	0.00		
	Purchase of shares as per report dated 12.04.2019	10000	0.08	10000	0.08
	Purchase of shares as per report dated 03.05.2019	9	0.00	10009	0.08
	Sale of shares as per report dated 10.05.2019	-9	0.00	10000	0.08
	Purchase of shares as per report dated 24.05.2019	10	0.00	10010	0.08
	Sale of shares as per report dated 31.05.2019	-10	0.00	10000	0.08
	Purchase of shares as per report dated 07.06.2019	5000	0.04	15000	0.11
	Purchase of shares as per report dated 05.07.2019	5000	0.04	20000	0.15
	Purchase of shares as per report dated 19.07.2019	3	0.00	20003	0.15
	Sale of shares as per report dated 26.07.2019	-3	0.00	20000	0.15
	Sale of shares as per report dated 23.08.2019	-5000	-0.04	15000	0.11
	Purchase of shares as per report dated 13.09.2019	5000	0.04	20000	0.15
	Purchase of shares as per report dated 10.01.2020	10	0.00	20010	0.15
	Sale of shares as per report dated 17.01.2020	-5010	-0.04	15000	0.11
	Sale of shares as per report dated 24.01.2020	-4851	-0.04	10149	0.08
	Sale of shares as per report dated 31.01.2020	-149	0.00	10000	0.08
	Purchase of shares as per report dated 07.02.2020	10000	0.08	20000	0.15
	Purchase of shares as per report dated 14.02.2020	5010	0.04	25010	0.19
	Sale of shares as per report dated 21.02.2020	-10	0.00	25000	0.19
	Purchase of shares as per report dated 20.03.2020	8	0.00	25008	0.19
	Purchase of shares as per report dated 27.03.2020	92	0.00	25100	0.19
	Sale of shares as per report dated 31.03.2020	-100	0.00	25000	0.19
	At the end of the year			25000	0.19



Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2019)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
9	ICICI Bank Limited				
	At the beginning of the year –	0	0.00		
	Purchase of shares as per report dated 12.07.2019	10	0.00	10	0.00
	Purchase of shares as per report dated 04.10.2019	1459	0.01	1469	0.01
	Sale of shares as per report dated 11.10.2019	-232	0.00	1237	0.01
	Purchase of shares as per report dated 18.10.2019	2854	0.02	4091	0.03
	Purchase of shares as per report dated 25.10.2019	1936	0.01	6027	0.05
	Sale of shares as per report dated 01.11.2019	-58	0.00	5969	0.05
	Purchase of shares as per report dated 08.11.2019	3291	0.02	9260	0.07
	Sale of shares as per report dated 15.11.2019	-722	-0.01	8538	0.06
	Purchase of shares as per report dated 22.11.2019	209	0.00	8747	0.07
	Purchase of shares as per report dated 29.11.2019	887	0.01	9634	0.07
	Purchase of shares as per report dated 06.12.2019	1490	0.01	11124	0.08
	Purchase of shares as per report dated 13.12.2019	200	0.00	11324	0.09
	Purchase of shares as per report dated 20.12.2019	595	0.00	11919	0.09
	Sale of shares as per report dated 27.12.2019	-742	-0.01	11177	0.08
	Purchase of shares as per report dated 31.12.2019	1093	0.01	12270	0.09
	Purchase of shares as per report dated 10.01.2020	1323	0.01	13593	0.10
	Purchase of shares as per report dated 17.01.2020	2899	0.02	16492	0.13
	Sale of shares as per report dated 24.01.2020	-615	0.00	15877	0.12
	Purchase of shares as per report dated 31.01.2020	5093	0.04	20970	0.16
	Purchase of shares as per report dated 07.02.2020	3298	0.03	24268	0.18
	Sale of shares as per report dated 14.02.2020	-1383	-0.01	22885	0.17
	Sale of shares as per report dated 21.02.2020	-56	0.00	22829	0.17
	Sale of shares as per report dated 28.02.2020	-2482	-0.02	20347	0.15
	Sale of shares as per report dated 06.03.2020	-2381	-0.02	17966	0.14
	Purchase of shares as per report dated 13.03.2020	438	0.00	18404	0.14
	Purchase of shares as per report dated 20.03.2020	4073	0.03	22477	0.17
	Sale of shares as per report dated 27.03.2020	-1571	-0.01	20906	0.16
	Purchase of shares as per report dated 31.03.2020	417	0.00	21323	0.16
	At the end of the year			21323	0.16
10	The Oriental Insurance Company Limited				
	At the beginning of the year –	20055	0.15		
	At the end of the year			20055	0.15

(v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year (01.04.2019)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Mr. Abhaykumar Firodia, Chairman				
	At the beginning of the year	264351	2.01		
	At the end of the year			264351	2.01
2	Mr. Prasan Firodia, Managing Director				
	At the beginning of the year	220763	1.68		
	At the end of the year			220763	1.68

Note : Other than the above, no Directors and the Key Managerial Personnel hold any shares in the Company.

V. INDEBTEDNESS

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

	Secured Loans excluding deposits (in ₹)	Unsecured Loans (in ₹)	Deposits (in ₹)	Total Indebtedness (in ₹)
Indebtedness at the beginning of the Financial Year				
(i) Principal Amount *	2,85,87,36,725	Nil	Nil	2,85,87,36,725
(ii) Interest due but not paid	Nil	Nil	Nil	Nil
(iii) Interest accrued but not due	Nil	Nil	Nil	Nil
(iv) Interest accrued and due	1,68,65,274	Nil	25,051	1,68,90,325
Total (i + ii + iii + iv)	2,87,56,01,999	Nil	25,051	2,87,56,27,050
Change in Indebtedness during the Financial Year				
• Addition	65,15,27,705	Nil	Nil	65,15,27,705
• Reduction	41,15,44,740	Nil	Nil	41,15,44,740
Net Change	23,99,82,965	Nil	Nil	23,99,82,965
Indebtedness at the end of the Financial Year				
(i) Principal Amount *	3,09,71,91,985	Nil	Nil	3,09,71,91,985
(ii) Interest due but not paid	Nil	Nil	Nil	Nil
(iii) Interest accrued but not due	Nil	Nil	Nil	Nil
(iv) Interest accrued and due	1,83,92,979	Nil	25,051	1,84,18,030
Total (i + ii + iii + iv)	3,11,55,84,964	Nil	25,051	3,11,56,10,015

* Excludes deposits matured but not claimed : ₹ 2,95,000/-

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

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount (in ₹)
		Mr. Prasan Firodia	Mr. Prashant V. Inamdar	
		(in ₹)	(in ₹)	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,20,00,000	1,22,16,727	2,42,16,727
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	89,200	1,28,800
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	16,50,000	2,79,930	19,29,930
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission *			
	• as% of profit	2,50,00,000	Nil	2,50,00,000
	• others, specify...			
5	Others, please specify - Employee's contribution to PF & other funds	34,34,006	6,36,556	40,70,562
	Total (A)	4,21,23,606	1,32,22,413	5,53,46,019
	Ceiling as per the Act			5,53,61,719

* Commission is proposed for the Financial Year 2019-20 which will be paid subsequent to approval by the shareholders at the ensuing Annual General Meeting.



B. Remuneration to other Directors :

Sl. No.	Names	Particulars of Remuneration (in ₹)			Total Amount (in ₹)
		Fees for attending Board and Committee Meetings	Commission	Others	
1	Independent Directors				
	i. Mr. Arun Sheth	3,50,000	--	--	3,50,000
	ii. Mr. Nitin Desai	4,50,000	--	--	4,50,000
	iii. Mr. Pratap Pawar	5,50,000	--	--	5,50,000
	iv. Mr. S. Padmanabhan	6,00,000	--	--	6,00,000
	v. Dr. Indira Parikh	4,00,000	--	--	4,00,000
	vi. Mr. Arvind Mahajan	4,50,000	--	--	4,50,000
	vii. Mr. Yeshwant Deosthalee*	1,00,000	--	--	1,00,000
	viii. Mr. Anant Talaulicar	2,00,000	--	--	2,00,000
	ix. Lt. Gen. (Retd.) (Dr.) D.B. Shekatkar	2,50,000	--	--	2,50,000
	Total (1)	33,50,000	--	--	33,50,000
2	Other Non-Executive Directors				
	Mr. Sudhir Mehta	5,00,000	--	--	5,00,000
	Total (2)	5,00,000	--	--	5,00,000
	Total (B) (1+2)	38,50,000	--	--	38,50,000
	Total Managerial Remuneration	--	--	--	5,91,96,019
	Overall Ceiling as per the Act				6,08,97,890

Note : Ceiling shall not be applicable for payment of seating fees.

* Mr. Yeshwant Deosthalee has ceased to be Director w.e.f. 26th July 2019.



C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Sanjay Kumar Bohra, CFO	Mr. Kishore P. Shah, Company Secretary	Total
		(in ₹)	(in ₹)	(in ₹)
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,62,58,700	15,17,440	1,77,76,140
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	5,642	Nil	5,642
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	4,15,879	Nil	4,15,879
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission			
	• as% of profit	Nil	Nil	Nil
	• others, specify...			
5	Others - Employee contribution to PF and other funds	9,95,782	1,50,857	11,46,639
	Total	1,76,76,003	16,68,297	1,93,44,300

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act, 1956 / Companies Act, 2013	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY Penalty Punishment Compounding			NIL		
B. DIRECTORS Penalty Punishment Compounding					
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding					



Form No. MR-3

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31st March 2020**

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

To,
The Members,
FORCE MOTORS LIMITED

Pune

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

Based on my verification of the **Force Motors Limited** books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

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

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018
- (vi) The Listing Agreement entered into by the Company with Bombay Stock Exchange Limited (BSE)

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

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

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

**I further report that :**

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

Mr. Arvind Mahajan & Mr. Prashant V. Inamdar were re-appointed as an Independent Director and Executive Director of the Company for a period of 5 years w.e.f. 28th September, 2019 and 16th January, 2020 respectively.

Mr. Abhaykumar Firodia and Mr. Prasan Firodia were re-appointed as Managing Director of the Company for a period of 5 years w.e.f. 20th September, 2019 and 6th November, 2019 respectively.

For the above purpose, the Company took approval of members by passing a Special Resolution at the 60th AGM held on 19th September, 2019.

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

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

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

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

Place : Pune
Date : 29th June 2020

Signature
Name of Company Secretary in practice : I U Thakur
C. P. Number : 1402 Membership no.: 2298
Peer Review No:497/2016
UDIN : F002298B000392622

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

'Annexure A'

To,
The Members
Force Motors Limited

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

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

Place : Pune
Date : 29th June 2020

I. U. THAKUR
Company Secretary
C. P. Number : 1402 Membership no.: 2298
Peer Review No:497/2016
UDIN : F002298B000392622



ANNUAL REPORT ON CSR ACTIVITIES 2019-20

1. Outline of the CSR policy :

- The Corporate Social Responsibility (CSR) Policy of the Company covers the causes that Company may pursue as its CSR.
- Based on the profit for each financial year, the Chief Financial Officer shall indicate the amount to be spent during the year.
- The procedure for approval of the project(s), investment/ incurring costs and monitoring is also laid down in the policy.
- The CSR Committee recommended the following activities for the Financial Year 2019-20:
 - i) Contribution to the College of Engineering, Pune, an autonomous institute of Government of Maharashtra, for the project of renovation and restoration of 'Metallurgy and Material Science Department' and its workshop;
 - ii) Contribution to 'IIMPACT', Gurgaon, a 'not for profit' NGO, towards supporting its 24 learning centres in Khargone District, Madhya Pradesh, imparting primary education to poor girls.
- The said CSR Policy and the activity to be pursued by the Company are placed on the website of the Company at http://www.forcemotors.com/page/index/shareholders_information.

2. The Committee consists of the following Directors as Members :

- i) Mr. S. Padmanabhan, Chairman
- ii) Mr. Nitin Desai
- iii) Mr. Sudhir Mehta

3. Average net profit of the Company for previous three financial years : ₹ 20,950 Lakh.

4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above) : ₹ 419 Lakh.

5. Details of CSR spent during the Financial Year :

- (a) Total amount spent for the Financial Year : ₹ 420 Lakh.
- (b) Amount unspent, if any: Nil.
- (c) Manner in which the amount spent during the Financial Year is detailed below :

Sr. 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 project or Programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs subheads (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
1.	Project of establishing modern, sophisticated hospital	"Promoting Health Care including Preventive Health Care" Schedule VII Sr. No. (i)	Akurdi, Pune, Maharashtra - 411 035.	Nil	Nil	₹ 1,320 Lakh	Directly
2.	To provide Ambulance, Tractor, Traveller or other vehicle product of the Company to selected organisations towards Health care	"Promoting Health Care including Preventive Health Care". Schedule VII Sr. No. (i)	Pune, Maharashtra - 411 001.	Nil	Nil	₹ 16 Lakh	Ruby Hall Clinic
			Bhubaneshwar, Orissa - 751 001.	Nil	Nil	₹ 6 Lakh	Utkal Bipanna Sahayata Samiti
			Jaipur, Rajasthan - 302 004.	Nil	Nil	₹ 12 Lakh	Bhagwan Mahaveer Viklang Sahayata Samiti, Sawai Man Singh Hospital



Sr. 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 project or Programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs subheads (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
3.	To provide Ambulance, Tractor, Traveller or other vehicle product of the Company to selected organisations towards Livelihood enhancement.	“Livelihood enhancement projects”. Schedule VII Sr. No. (ii)	Rajgir, Nalanda, Bihar - 803 116.	Nil	Nil	₹ 4 Lakh	Veerayatan
			Baramati, Maharashtra - 413 115.	Nil	Nil	₹ 11 Lakh	Agricultural Development Trust
			Dehradun, Uttarakhand - 248 001.	Nil	Nil	₹ 27 Lakh	Information Technology Institute for the Tribes of India
4.	Contribution to educational institution for renovation and restoration of its infrastructure	“Promoting education”. Schedule VII Sr. No. (ii)	Pune, Maharashtra - 411 030	₹ 400 Lakh	₹ 400 Lakh	₹ 400 lakh	College of Engineering, Pune, an autonomous Institute of Government of Maharashtra
5.	Contribution towards supporting its learning centres imparting primary education to poor girls.	“Promoting education”. Schedule VII Sr. No. (ii)	Khargone District, Madhya Pradesh	₹ 20 Lakh	₹ 20 Lakh	₹ 20 Lakh	‘IIMPACT’, Gurgaon, Haryana - 122 002.
			Total	₹ 420 Lakh	₹ 420 Lakh	₹ 1,816 Lakh	

6. In case the Company has failed to spend the two percent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board’s Report.
 - Not applicable
7. The Committee reviewed the implementation of CSR Policy and the spend, as explained in the earlier part and confirmed the implementation and monitoring has been as per CSR Policy adopted by the Company. It was decided to examine broadening of the activity to include other deserving causes, if possible.

S. Padmanabhan
Chairman, CSR Committee
DIN : 00001207

Prasan Firodia
Managing Director
DIN : 00029664

Pune, 29th June 2020



BUSINESS RESPONSIBILITY REPORT

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

PREFACE

The Securities and Exchange Board of India (“the SEBI”) mandated India’s top 1,000 listed entities based on their market capitalization, to submit a Business Responsibility Report (‘the BRR’), in line with Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

GENERAL INFORMATION

- 1. Corporate Identity Number (CIN) of the Company : L34102PN1958PLC011172
- 2. Name of the Company : Force Motors Limited
- 3. Registered address : Mumbai-Pune Road, Akurdi, Pune - 411 035.
- 4. Website : www.forcemotors.com
- 5. E-mail id : sbohra@forcemotors.com
- 6. Financial Year reported : 1st April 2019 to 31st March 2020

- 7. Sector(s) that the Company is engaged in (industrial activity code-wise):

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

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

- (b) Number of National Locations : 4

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

FINANCIAL DETAILS

- 1. Paid up Capital (INR) : 1,317.90 lakh
- 2. Total Turnover (INR) : 3,08,013.00 lakh
- 3. Total profit after taxes (INR) : 5,819.00 lakh
- 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 2%
- 5. List of activities in which expenditure in 4 above has been incurred :
 - (a) Education

OTHER DETAILS

The Company has two subsidiaries as on 31st March 2020. At present the BR initiatives of the Company are restricted to its own operations only.

BR INFORMATION

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

- (b) Details of the BR Head

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	07311037
2.	Name	Mr. Sanjay Kumar Bohra
3.	Designation	Chief Financial Officer
4.	Telephone number	+9120 2747 6381 (extn. : 4620)
5.	E-mail ID	sbohra@forcemotors.com

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

- (a) Details of compliance

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



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

Governance related to BR

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

The Business Responsibility Report for the Financial Year 2019-20 is uploaded on the website of the Company.

PRINCIPLE-WISE PERFORMANCE

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

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

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

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

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

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

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

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

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

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

As on 31st March 2020, there were a total of 6,581 workmen on the Company's rolls. The Company has 153 women employees out of the above. In addition, there were 622 workmen sourced from contractors.

The Company also has a policy on prevention of sexual harassment. A committee has been constituted in accordance with the requirements, under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the Financial Year 2019-20, there were no complaints filed or pending, relating to child labour, forced labour, involuntary labour or sexual harassment.

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

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

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

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

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

Principle 5 : Businesses should respect and promote human rights

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

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

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

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

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

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

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

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

All such engagements are through recognized industry bodies / trade associations. As on 31st March 2020, the Company is a Member of the following trade associations:

- (a) The Mahratta Chamber of Commerce, Industries & Agriculture (MCCIA)
- (b) The Indo German Chamber of Commerce (IGCC)

Principle 8: Businesses should support inclusive growth and equitable development

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

The Company is contributing to community development in many areas including healthcare and livelihood enhancement. In accordance with the Companies Act, 2013, the Company has committed 2% of profit before tax towards the CSR initiatives.

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Automotive Industry having grown and matured, remains burdened with two major handicaps, which are serious constraints to the growth of the market, to encouraging investments, and to ensure profitability of the industry. This particularly affects companies which are Indian shareholders owned companies, and not multinational companies operating in India.

The first unfortunate factor is the very high interest cost in comparison to the global industry, which makes investments very burdensome, particularly in times where the technology scenario is rapidly changing and new investments in technologies, products, plants, and business practices have to be aggressively made. The differential interest rate in comparison to developed countries, to the extent of 6% to 8% that the Indian Automobile Industry suffers from is a severe burden on its competitiveness.

The second adverse factor is a very high Goods and Services Tax (GST) level, and also the very high road taxes etc. imposed on automobiles sold and operated in India. The total incidence of above taxation is even 50% in case of certain segments. On a background where the automobile manufacturers have an EBITA level, which averages below 10%, on every crore rupees on its turnover at its factory gate, the automobile industry earns about ₹ 10 lakh. Out of which it has to pay interest, tax and depreciation, etc. Whereas the government collects taxes on the same vehicle, which is sold by the industry at ₹ 10 lakh, to the aggregate value of taxes at nearly ₹ 5 lakh. Thus between the Central and State Governments, upto 50% of the ex-factory value is collected in taxes. This in some cases is 5 times the earning of the industry.

This situation calls for a very detailed and thorough reform. These reforms need to be both, economic reforms, and regulatory reforms (relating to the Motor Vehicle Acts, State Government permits and licence regime, etc.).

Going forward in the post - COVID-19 era, when the automobile industry will be gasping for breath, on account of the huge compression that will have occurred in the first half of the current year, and the effects of which will be felt for several years, such fundamental reform is crucial.

The Company has been focussing on light commercial and medium commercial vehicle category, to be deployed in the passenger carrying segments as school buses, staff buses, innercity buses, ambulances, etc. soon to be complemented with electric versions as may be appropriate for different segments. All of these market segments are heavily, and one would say not completely logically regulated, and thereby suppressed. The disparate and very much arbitrary system of allowing and restricting permits, licences, etc. to operate passenger vehicles for hire, to fix the fees and geographies of operation, is most obnoxious and retrograde. It throttles competition, goes against the interest of the consumer, breeds open and rampant corruption. Besides causing capacity restriction, overloading and general inconvenience to the travelling public, the economically weak segments that use public transport. The Minister for road transport had himself stated earlier from a public platform that the RTO functioning, rules and practices are disruptive and corrupt. This needs to be made an open field in the interest of the consumer.

The Minister for Commerce and Industry in the Union Government, has recently announced that by the year 2030, it is expected that

India will produce only electric vehicles, and no more fossil fuel vehicles will be produced. This major change within a decade is a very ambitious move. While on the one hand it is welcome, on the other hand it demands major industry structure change - not just in terms of the technologies but in overall business environment and in the regulatory framework. The amount of clarity available today for electrification of various categories of vehicles is in need of improvement, and a clear roadmap for transition is not yet available.

The automobile industry therefore faces challenges as follows:

In comparison to other large and advanced economies, high cost of finance, thereby substantial cost of development, absorption, integration and deployment of new technologies, higher cost of introduction of new models (to make them compatible with the new technology, involving vast sums of money on development, on tooling and plant facilities).

A major challenge for growth of market, for all categories of vehicles. This will require substantial improvement in the environment for customer finance, and infusion of large sums of money into the economy, to facilitate the customers procurement of new vehicles.

Finally, the challenge remains that while new technology is being brought in, and huge costs are being incurred, a retirement policy or a scrappage policy for outdated, heavily polluting, considerably less capable in terms of safety, vehicles - of previous generations - are still plying on the roads. Unless a scrappage policy, mandating the removal of the outdated vehicles, and strongly incentivising their replacement with new vehicles of the latest generation, which incorporate all the improvements, are both not implemented together, then the automobile industry will be severely stressed. The real benefit of new technologies in pollution control, safety and efficiency of operation - will remain wasted and heavily diluted.

The effects of the COVID-19 pandemic on the global and the Indian economy, are as yet quite unclear. It will take months more to reach normalcy. How long will it take to recover losses in money, time and market terms is very uncertain.

This great calamity also offers to our country an unprecedented opportunity to revamp, modernise, energise and liberate our economy. The huge tangle of red tape, the plethora of complex and confusing laws - creating delays, losses, litigation and breeding opportunities for corruption and malpractices need, in a swift and decisive manner, to be modified, simplified and like other advanced and industrialized countries, made supportive and helpful to productive industrial activity. Vested interests and societal inertia is against change. But like never before we must change, and turn the adversity into a real opportunity, for growth, development and progress.

The Company has commissioned a number of projects, with reputed consultants, for "Portfolio Analysis and Improvement", named as "Portfolio Profitability Study", as also to achieve significant cost saving named as "Project Accelerate" in terms of material and manufacturing costs. It is expected that these fundamentally important reviews will greatly complement the Company's efforts to modernise, rationalise and realign its products portfolio, its manufacturing costs and quality, to optimise its operations and to sharpen its focus and presence in the market.



II. PERFORMANCE OF THE COMPANY

Operational Performance

The number of vehicles sold during the Financial Year under report was 25,229 compared to 27,603 vehicles sold in the Financial Year 2018-19. During the year under Report, the Company achieved a top line of ₹ 3,080.13 Crore. The sales turnover stood at ₹ 3,053.08 Crore compared to the previous year's turnover of ₹ 3,620.01 Crore.

Financial Performance

As stated above, the Company sold 25,229 vehicles during the Financial Year 2019-20 compared to 27,603 vehicles in the previous Financial Year 2018-19. The Profit before Depreciation, Exceptional Items and Taxes, from operations for the year under the Report was of ₹ 283.41 Crore as compared to operating profit for the previous Financial Year 2018-19 amounting to ₹ 344.73 Crore. The Net Profit of the Company after Depreciation Exceptional Items and Taxes was of ₹ 58.19 Crore for the Financial Year 2019-20. The Reserves and Surplus of the Company as on 31st March 2020 stood at ₹ 1,962.53 Crore.

Key Financial Ratios

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the following are the key financial ratios along with the explanation where changes are more than 25%, as compared to previous financial year.

Sr. No.	Key Financial Ratios	2019-20	2018-19
1.	Debtors Turnover	20	21
2.	Inventory Turnover	63	49
3.	Interest Coverage Ratio	4.19	13.64
4.	Current Ratio	1.12	1.66
5.	Debt Equity Ratio	0.09	0.11
6.	Operating Profit Margin	10.20%	9.95%
7.	Net Profit Margin	2.91%	4.07%
8.	Return on net worth	2.98%	7.88%

Ratios showing downward trend are due to lower sales and profitability during the year.

Bank borrowing has gone up, as compared to previous year, hence interest coverage ratio is impacted but at a comfortable level. Change in return on net worth is due to reduction in profitability on account of lower sales.

III. OUTLOOK

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

IV. SUBSIDIARY

(a) The Company is a subsidiary of Jaya Hind Industries Limited, which holds 57.38% in the Company.

(b) The Company is a Holding Company of Tempo Finance (West) Private Limited, and holds 66.43 % in the subsidiary company.

(c) The Company has a joint venture with MTU Friedrichshafen GmbH, a company of the Rolls Royce Group. The Company holds 51% stake in Force MTU Power Systems Private Limited which has thus become a subsidiary of the Company.

V. OPPORTUNITIES, THREATS AND RISK FACTORS

As explained earlier, the changing technology map (electrification, alternate fuels), and the evolving regulatory environment (axle loads, inner-city and inter-city permits, taxation rates for different sizes of vehicles), offers opportunities as well as threats. However, the major threat remains the adverse public opinion promoted by vested interests - on the efficacy of diesel fuel. The diesel technology of today is extraordinarily clean and free of hazards. However, public opinion has unfortunately and systematically evolved to shun diesel.

VI. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company's internal control procedures are adequate to ensure compliance with various policies, practices and statutes in keeping with the organization's pace of growth and increasing complexity of operations.

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

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

VII. HUMAN RESOURCE DEVELOPMENT

The Company has continued its programme for training and skill development in its plants, for employees at various levels, who are provided training both in hard and soft skills. A large number of executives in the Sales & Marketing arm of the Company and in our dealer network spread all over India, are also provided continuous upgradation training in selling skills, product familiarisation, customer service aspects - in a well structured and extensive programme. The Company had 6,581 employees as on 31st March 2020.

VIII. CAUTIONARY STATEMENT

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

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

The necessary disclosure is provided in the Financial Statement as Note No. 35.

B. MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

2. Board of Directors
• Composition

As on 31st March 2020, the Board comprised of 12 Directors. 03 Directors are Executive Directors, while remaining 09 Directors are Non-Executive Directors. Of the Non- Executive Directors, 08 Directors are Independent Directors. The Company's Board did not consist of any Nominee Directors appointed by lender(s) or a group of equity investor(s). Mr. Abhaykumar Firodia, Chairman and Mr. Prasan Firodia, Managing Director of the Company represent Promoters of the Company.

• Directorships / Committee Positions

The details of other directorships/ committee positions of the Directors (as of 31st March 2020) of the Company are as under :

Name of the Director	Number of other companies in which directorships held*		Committee positions in listed and unlisted public companies#		Details of directorships held in other listed entities	
	Director	Chairman	Member	Chairman	Name of the entity	Category of directorship
Mr. Abhaykumar Firodia	04	02	--	--	--	--
Mr. Prasan Firodia	03	01	--	--	--	--
Mr. Sudhir Mehta	17	01	--	--	--	--
Mr. Pratap Pawar	14	02	03	03	- Finolex Cables Limited - Bharat Forge Limited	Independent Director
Mr. S. Padmanabhan	08	00	05	01	- Premier Limited - Sanghvi Movers Limited - Sudarshan Chemical Industries Limited	Independent Director
Mr. Nitin Desai	07	00	02	01	- Cadila Healthcare Limited	Independent Director
Dr. Indira Parikh	12	00	01	00	- Johnson Controls-Hitachi Air Conditioning India Limited	Independent Director
Mr. Arun Sheth	13	11	00	00	--	--
Mr. Arvind Mahajan	02	00	02	00	--	--
Mr. Anant Talaulicar	05	00	02	01	- Birlasoft Limited - KPIT Technologies Limited - India Nippon Electricals Limited - The Hi-Tech Gears Limited	Independent Director Non-Executive Non-Independent Director
Mr. Prashant V. Inamdar	01	00	00	00	- Everest Industries Limited	Non-Executive Chairman & Independent Director
Lt. Gen. (Retd.) (Dr.) D.B. Shekatkar	00	00	--	--	--	--

* includes directorship in private companies and bodies corporate.

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



• **Attendance**

During the Financial Year 2019-20, six meetings of the Board were held on 27th May 2019, 26th July 2019, 17th October 2019, 8th December 2019, 30th January 2020 and 18th March 2020. The attendance of Directors during the Financial Year 2019-20 for Board Meetings and the Annual General Meeting are as under :

Name of the Director	Number of Board Meetings attended	Whether present at the last Annual General Meeting held on 19th September 2019
Mr. Abhaykumar Firodia	06	Yes
Mr. Prasan Firodia	06	Yes
Mr. Sudhir Mehta	05	Yes
Mr. Pratap Pawar	06	Yes
Mr. S. Padmanabhan	06	Yes
Mr. Nitin Desai	06	Yes
Dr. Indira Parikh	03	Yes
Mr. Arun Sheth	04	Yes
Mr. Arvind Mahajan	06	Yes
Mr. Anant Talaulicar	03	Yes
Lt. Gen. (Retd.) (Dr.) D.B. Shekatkar	04	Yes
Mr. Prashant Inamdar	05	Yes

• **Inter-se Relation of Directors**

Mr. Abhaykumar Firodia and Mr. Prasan Firodia are related to each other. Mr. Sudhir Mehta is related to Mr. Abhaykumar Firodia. None of the other Directors are related to any other Director of the Company as defined under the Companies Act, 2013, ("the Act") including Rules thereof.

• **Information supplied to the Board**

The Board is presented with all the relevant information in various matters affecting the working of the Company and which requires deliberation at the highest level. Besides key operational and financial information, the Board is presented with information relevant to strategy formulation, for deliberations. This includes information as per Part A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 such as senior management change, compliances, major litigation, monthly production / sales data.

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

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

• **Independent Directors' Meeting**

In our opinion, the Independent Directors of the Company fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management. The Independent Directors held their separate Meeting on 30th January 2020 as mandated by the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of the familiarization programme for the Independent Directors of the Company can be accessed at the web link : [https:// www.forcemotors.com/themes/frontend/docs/share-holderinfo/other/Familiarisation_Programme_for_Directors_FY_2019-20.pdf](https://www.forcemotors.com/themes/frontend/docs/share-holderinfo/other/Familiarisation_Programme_for_Directors_FY_2019-20.pdf)

• **Performance Evaluation**

Pursuant to the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually including the Chairman, as well as evaluation of the working of its Committees. The criteria for Performance Evaluation of Directors, the Board and its Committees, as approved by the Board of Directors of the Company are placed on the Company's website www.forcemotors.com. Based on this, a separate exercise was carried out to evaluate the performance of the Board and its committees, the individual Directors including the Chairman of the Board.

• **Remuneration to Executive Directors**

The details of remuneration paid to the Executive Directors during the Financial Year 2019-20 are provided in the Form MGT-9 and in the Annual Return uploaded on the website of the Company.

• **Remuneration to Non-Executive Directors**

The details of sitting fees paid to the Non-Executive Directors during the Financial Year 2019-20 are provided in the Form MGT-9 and in the Annual Return uploaded on the website of the Company.

• **Pecuniary Transactions with Non-Executive Directors**

There are no other financial transactions with the Non Executive Directors.

• **Stock Options to Directors**

The Company does not have stock options.

• **Shares held by Directors**

The details of shares of the Company held by Directors are as under :

Name of the Director	Number of shares held
Mr. Abhaykumar Firodia	2,64,351
Mr. Prasan Firodia	2,20,763

• Skills / expertise / competencies of the Board of Directors

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Board of Directors have identified core skills / expertise / competencies of the each individual Director on the Board of the Company which are vital in the context of the business of the Company.

Considering the nature and size of the Company and the complex business environment in which it is operating, the Board has identified the following key skills / expertise / competencies along with the names of Directors who possess skills / expertise / competencies.

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

• Transactions with Promoter Group Company

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 the Company is required to disclose in its annual report the transactions it has entered with any person / entity belonging to the promoter / promoter group which hold(s) 10% or more shareholding in the Company.

The transactions entered into by the Company with aforementioned parties are covered under Note No. 35 to the Financial Statement.

3. Committees
Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprised of 03 Directors as on 31st March 2020 :

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

The Committee met thrice during the Financial Year 2019-20. The details of attendance of the Committee meetings are as follows :

Name of the Director	Date and details of attendance of Nomination and Remuneration Committee meetings		
	27.05.2019	25.07.2019	30.01.2020
Mr. S. Padmanabhan	P	P	P
Mr. Arvind Mahajan	P	A	P
Dr. Indira Parikh	A	P	P

Terms of reference of Nomination and Remuneration Committee includes:

- (i) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the

Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

- (ii) Formulation of criteria for evaluation of Independent Directors and the Board.
- (iii) Devising a policy on Board diversity.
- (iv) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- (v) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- (vi) Recommend to the Board, all remuneration, in whatever form, payable to senior management.

On the recommendation of Nomination and Remuneration Committee, the Board has adopted the policy on appointment of Directors / Independent Directors and Key Managerial Personnel and remuneration payable to them. Further, pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, which is effective from 1st April 2019, the Board has amended the said policy. As mandated, the said policy is posted on the website of the Company www.forcemotors.com.

Audit Committee

The Audit Committee comprised of 04 Directors as on 31st March 2020 :

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

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The Committee met four times during the Financial Year 2019-20. The details of attendance of the Committee meetings are as follows :

Name of the Director	Date and details of attendance of the Audit Committee Meetings			
	27.05.2020	26.07.2019	17.10.2019	30.01.2020
Mr. Pratap Pawar	P	P	P	P
Mr. Arun Sheth	P	P	P	A
Dr. Indira Parikh	A	A	P	P
Mr. Sudhir Mehta	A	P	P	P

The terms of reference of the Audit Committee includes :

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

The Audit Committee reviewed the Unaudited Financial Results (Provisional) for the first three quarters in its meetings held on 26th July 2019, 17th October 2019 and 30th January 2020 respectively; and Audited Financial Accounts for the Financial Year ended 31st March 2020 in its meeting held on 29th June 2020. During the year under report, the Audit Committee interacted with the Statutory Auditors, Cost & Management Consultants and Internal Auditors of the Company regarding internal control systems, discussed the financial results / cost accounting records, and also held a post statutory audit verification of the financial/ cost accounts.

The Committee also interacted with the executives of the Company on finance related matters including officials of Internal Audit department of the Company. The Committee reviewed the risk management policies, insurance cover taken by the Company, purchase procedures of raw

materials and components for manufacture of various types of motor vehicles and also the foreign exchange exposure of various transactions.

The remuneration of the Auditors was decided in consultation with the Audit Committee. Extensive data / details connected with the financial management of the Company and on other related aspects were submitted to the Committee in each of the meetings.

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

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprised of 04 Directors as on 31st March 2020 :

- Mr. Sudhir Mehta, Chairman of the Committee, Non-Executive Director
- Mr. Abhaykumar Firodia, Member, Chairman
- Mr. Prasan Firodia, Member, Managing Director
- Mr. Nitin Desai, Member, Independent Director

Mr. Kishore P. Shah, Company Secretary & Compliance Officer, acts as Compliance Officer of the Committee.

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

During the year under report, 15 shareholders' complaints were received and all these complaints were resolved to the satisfaction of the concerned shareholders. As of 31st March 2020, no complaints were pending.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprised of 03 Directors as on 31st March 2020 :

- Mr. S. Padmanabhan, Chairman of the Committee, Independent Director
- Mr. Nitin Desai, Member, Independent Director
- Mr. Sudhir Mehta, Member, Non- Executive Director

The Committee recommends Corporate Social Responsibility ('CSR') activities to the Board. The Committee approves the CSR activities to undertake and amount of expenditure for them. The Committee also monitored the CSR policy and entrusted to formulate for transparent mechanism for implementation of CSR activities. The Committee reviews and ensures compliance with the requirement of the provisions of the Act and the CSR Rules.

During the year under report, the Committee met twice on 26th July 2019 and 30th January 2020.

4. General Body Meetings

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

Annual General Meeting held on	Time	Location	Number of Special Resolutions	Subject of Special Resolution
13th September 2017	11.30 a.m.	Mumbai-Pune Road, Akurdi, Pune - 411035.	05	Re-appointment of Independent Directors for a period of 5 years
11th September 2018	11.30 a.m.	Mumbai-Pune Road, Akurdi, Pune - 411035.	00	Nil
19th September 2019	11.30 a.m.	Mumbai-Pune Road, Akurdi, Pune - 411035.	04	1. Re-appointment of Mr. Abhaykumar Firodia as Managing Director of the Company, to be designated as 'Chairman' 2. Re-appointment of Mr. Prasan Firodia as Managing Director of the Company 3. Re-appointment of Mr. Prashant V. Inamdar, as Executive Director of the Company 4. Re-appointment of Mr. Arvind Mahajan, as an Independent Director of the Company

5. Means of Communication

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

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

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

No presentation was made to any institutional investor or analyst during the Financial Year 2019-20.

6. Few Policies as mandated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

• Archival Policy

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

[frontend/docs/share-holder-info/other/archivalpolicy.pdf](https://www.forcemotors.com/themes/frontend/docs/share-holder-info/other/archivalpolicy.pdf).

• Dividend Distribution Policy

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

• Whistle Blower Policy / Vigil Mechanism

The Board has revised its Whistle Blower Policy / Vigil Mechanism in the previous year; pursuant to the amendments in the SEBI (Prohibition of Insider Trading) Regulations, 2015. The revised policy, addresses complaints w.r.t. leakage of unpublished price sensitive information in relation to the Company and prescribe the manner in which such cases shall be investigated. The Audit Committee oversees the genuine concerns expressed by the employees and Directors. The Company has also provided adequate safeguards against the victimization of employees and Directors who express their concerns. The details of the mechanism / policy are disclosed on the website of the Company at <https://www.forcemotors.com/themes/frontend/docs/share-holder-info/other/WhistleblowerPolicy.pdf>

• Policy on materiality of Related Party Transactions

The Board has formulated a policy on materiality of the Related Party Transactions pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy was revised in the previous year; pursuant to the amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for determining and fixing of threshold limits for determining materiality of related party transactions entered by the Company during the Financial Year. The limits will be reviewed by the Board of Directors once in 3 (three) years. Web link for the policy is <https://www.forcemotors.com/themes/frontend/docs/share-holder-info/other/Policy-on-Materiality-of-related-Party-Transactions.pdf>

• Policy for determining Material Subsidiaries & its Governance Framework

The Board has formulated a policy for determining 'material' subsidiaries pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy has been revised pursuant to the amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to give effect to the change in the criteria for treating a subsidiary as a 'material subsidiary'. Web link for the policy on Material Subsidiaries is <https://www.forcemotors.com/themes/frontend/docs/share-holder-info/other/Policy-for-determiningMateriali-Subsidiaries-&-its-Governance-Framework.pdf>

• Code of practices & procedures for fair disclosure of Unpublished Price Sensitive Information and Code of Internal Procedures and Conduct for regulating, monitoring and reporting of trading by Designated Persons

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

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

**7. Other Disclosures****Materially significant related party transactions**

There were no materially significant related party contract(s) or arrangement(s) or transaction(s) during the year under review as defined under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

The Company has not made any non-compliance of the provisions of Corporate Governance. No penalties were imposed by the Stock Exchange or the Securities and Exchange Board of India in any matter related to capital market(s).

Utilization of funds raised

The Company has not raised funds by issuing securities, during the year under review.

Commodity Price Risk and Commodity Hedging Activities

A well controlled review process is in place for the purpose. The overall exposure is not material.

- Credit ratings :** During the year under report, the Company obtained the following credit ratings for its bank loan facilities, which was reduced from ₹ 720 crore to ₹ 682.5 crore :

Credit rating agency	Type of facilities rated	Rating assigned (Previous rating)
CRISIL	Long Term	CRISIL AA / Stable (Reaffirmed)
	Short Term	CRISIL A1+ (Reaffirmed)

Total fees paid to the Auditors

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

No subsidiary of the Company made any payment to the Auditors of the Company, during the period under review.

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

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

8. Compliance of Corporate Governance and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has complied with the requirements w.r.t. Corporate Governance Report as specified in the Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has submitted quarterly compliance report on Corporate Governance to the Stock Exchange within 15 days from the end of the quarter during the Financial Year. The Company has complied with mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

The Board

The Chairman of the Company is also an Executive Director; hence disclosure under this head does not arise.

Shareholder Rights

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

Modified opinion(s) in Audit Report

The Company confirms that its Financial Statements are with unmodified audit opinion.

Reporting of Internal Auditor

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

9. General Shareholders' Information**Scheduled Annual General Meeting (through VC/OAVM)**

Time: 03.00 p.m.

Date : 29th September 2020

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

Financial Year

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

Financial Calendar

Unaudited Financial Results will be published on or before:

For Quarter 1 : 14th August

For Quarter 2 : 14th November

For Quarter 3 : 14th February

Audited Results : 30th May

Payment of Dividend

The Board in its meeting held on 29th June 2020; has recommended a final dividend of ₹10 per equity share on 1,31,76,262 equity shares for the Financial Year ended 31st March 2020. The dividend, if declared by the members of the Company will be paid on and after 29th September 2020.

Date of Book Closure

The register of members and share transfer books of the Company will remain closed from Wednesday, 23rd September 2020 to Tuesday, 29th September 2020, both days inclusive.

Listing on Stock Exchange

Shares of the Company are listed on BSE Limited. Annual Listing fee for the Financial Year 2019-20 has been paid to BSE Limited.

Stock Code

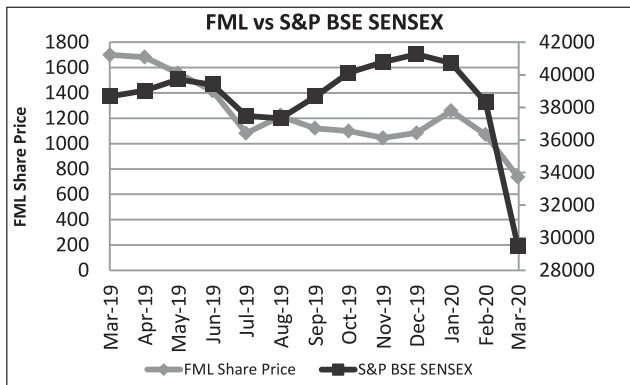
The Stock Code allotted by BSE Limited is 500033.

Market Price Data

Market price data during the Financial Year 2019-20 is as under:

Month	Share Price		BSE Sensex	
	High ₹	Low ₹	High	Low
April 2019	1,869	1,660	39,487	38,460
May 2019	1,680	1,430	40,125	36,956
June 2019	1,600	1,350	40,312	38,871
July 2019	1,431	1,044	40,032	37,128
August 2019	1,343	1,001	37,808	36,102
September 2019	1,287	1,116	39,441	35,988
October 2019	1,174	1,035	40,392	37,416
November 2019	1,210	998	41,164	40,014
December 2019	1,135	951	41,810	40,135
January 2020	1,502	1,068	42,274	40,477
February 2020	1,420	1,058	41,709	38,220
March 2020	1,140	580	39,083	25,639

• **FML Share Price vs BSE Sensex Comparison**



• **Distribution of Shareholding**

Distribution of shareholding as on 31st March 2020 was as under :

Category (Shares)	Number of shareholders	Percentage to total shareholders	Number of shares	Percentage to total number of shares held
1 to 500	63,085	98.27	24,46,816	18.57
501 to 1000	616	0.96	4,51,692	3.43
1001 to 2000	259	0.40	3,70,126	2.81
2001 to 3000	89	0.14	2,25,304	1.71
3001 to 4000	39	0.06	1,40,156	1.06
4001 to 5000	28	0.04	1,32,041	1.00
5001 to 10000	49	0.08	3,39,127	2.58
10001 & above	31	0.05	90,71,000	68.84
Total	64196	100.00	1,31,76,262	100.00

• **Share Transfer Agent**

The Company's Registrar and Share Transfer Agent is Link Intime India Private Limited, situated at Block No. 202, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune - 411 001, who handles the demat and physical share transfers as well as other shares related activities of the Company.

• **Share Transfer System**

Applications for transfers, transmission are received by the Company at its Registered Office or at the office of its Registrar and Share Transfer Agent and are processed by the Registrar and Share Transfer Agent on regular basis. Post amendment made previous year the requests for transfer of shares are approved only in dematerialized form and the same are duly processed by National Securities Depository Limited / Central Depository Services (India) Limited in the electronic form through the respective depository participants. As on the date of report, no transfer and transmission request of shares held in physical form is pending. During the year under report, the Company processed 07 share transfers, 28 transmissions, 105 requests for dematerialization and nil request for rematerialisation of shares.

• **Dematerialization / Rematerialisation of Shares**

The shares of the Company are available for trading in depository system of both National Securities Depository Limited and Central Depository Services (India) Limited. The International Securities Identification Number ('ISIN') code allotted to the shares of the Company is INE451A01017.

As on 31st March 2020, 97.62% of the Company's shares were held in dematerialised form and 2.38% in physical form.

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

• **CIN**

The Corporate Identity Number allotted to the Company is L34102PN1958PLC011172.

• **Registered Office**

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

• **Plant locations**

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

- Mumbai - Pune Road, Akurdi, Pune - 411 035, Maharashtra.
- Plot No.3, Sector No.1, Industrial Area, Pithampur, District Dhar - 454 775, Madhya Pradesh.
- Gat no. 330 (P), 331, 332, 333, 312/5/6/7 and 355 Village Nanekarwadi, Chakan, Taluka Khed, District Pune - 410 505, Maharashtra.
- Mahindra World City, Panchayat Anjur, Taluka Chengalpattu, District Kancheepuram - 603 004, Tamilnadu.

The address for correspondence is :

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

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

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

E. UNPAID/UNCLAIMED DIVIDEND

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

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

**Dates of transfer of Unclaimed Dividend to the fund :**

Sr. No.	Financial Year	Date of Dividend Declaration	Date on Which Dividend become Due for Transfer to IEPF
1.	2012-13	21-Sep-2013	20-Oct-2020
2.	2013-14	20-Sep-2014	19-Oct-2021
3.	2014-15	26-Sep-2015	25-Oct-2022
4.	2015-16	12-Mar-2016	18-Apr-2023
5.	2016-17	13-Sep-2017	12-Oct-2024
6.	2017-18	11-Sep-2018	12-Oct-2025
7.	2018-19	19-Sep-2019	22-Oct-2026

F. TRANSFER OF SHARES TO IEPF

During the year, the Company has transferred 1761 shares on 14th November 2019 to the IEPF. The shares were transferred on account of dividends unclaimed for seven consecutive years.

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

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

G. UNCLAIMED SHARE CERTIFICATES AND SUSPENSE ACCOUNT

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

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

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

The details of the above shares are as given below :

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

H. MD AND CFO CERTIFICATION

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

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

To
The Members of Force Motors Limited
I, Prasan Firodia, Managing Director of Force Motors Limited declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March 2020.

Pune, 25th June 2020

Prasan Firodia
Managing Director
DIN : 00029664

J. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

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

In my opinion and to the best of my information and according to the verification (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the following Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Director of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

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

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

Place: Pune
Date: 29th June 2020

Signature:
Name: **I. U. Thakur**
Membership No.: 2298
CP No.: 1402
Peer Review no. 497/2016
UDIN: F002298B000392699

**INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of Force Motors Limited

1. We have examined the compliance of conditions of corporate governance by Force Motors Limited ('the Company') for the year ended 31st March, 2020 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').
2. The compliance of the conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.
3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. Based on our examination of the relevant records and according to the best of our information and explanations provided to us, we certify that the Company has complied with the conditions of regulations of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
8. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
9. The certificate is issued solely for the purpose of complying with the aforesaid SEBI Listing Regulations and may not be suitable for any other purpose.

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

Pune, 29th June 2020.

Suhas Deshpande
Partner
Membership No. 031787
UDIN No. 20031787AAAAAY4364

INDEPENDENT AUDITORS' REPORT

To the Members of Force Motors Limited

Report on the audit of Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Force Motors Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the standalone financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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



Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
	<p>that the assessment of the capitalisation criteria set out in Ind AS 38 Intangible Assets is made at an early stage of product development and there are inherent challenges with accurately predicting the future economic benefit, which must be assessed as probable for capitalisation to commence.</p> <p>(Refer Note 2{f} and Note 5 of the standalone financial statements)</p>	<ul style="list-style-type: none"> • Tested on sample basis costs incurred towards projects i.e. in respect of manpower cost, we verified hours booked on respective projects, hourly rates for respective persons and sample vouchers / invoices for directly attributable expenses. • We reviewed judgments used by the Management for expected probable economic benefits and associated expenditures, and their assessment of feasibility of the projects, including appropriateness of past / present useful life applied in calculation of amortization. • After carrying out above audit procedures, we did not notice any non-compliance with respect to capitalisation criteria under IND AS 38- Intangible Assets.

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

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

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

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

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

Management’s Responsibility for the Standalone Financial Statements

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

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

The Board of Directors are responsible for overseeing the Company’s financial reporting process. Auditor’s Responsibilities for the Audit of the standalone Financial Statements.

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended :

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



- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 30(a) to the standalone financial statements
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. - Refer Note 42 to standalone financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Place : Pune
Date : 29th June 2020

Suhas Deshpande
Partner
Membership No. : 031787
UDIN : 20031787AAAAAW1980

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place : Pune
Date : 29th June 2020

Suhas Deshpande
Partner
Membership No. 031787
UDIN : 20031787AAAAAW1980

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Force Motors Limited of even date)

- (i) In respect of the Company’s property, plant and equipment :
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - (b) As explain to us, considering the nature of the Fixed Asset, the same have been physically verified by the management at reasonable intervals during the year as per verification plan adopted by the Company, which, in our opinion, is reasonable having regards to size of the Company and the nature of the its assets. According to information and explanation given to us and the records produced to us for our verification, no material discrepancies noticed during such physical verification;
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company.

In respect of immovable properties been taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Company.

- (ii) As informed to us, the physical verification of inventory has been conducted by the management at reasonable intervals and the discrepancies noticed during such physical verification were not material. The discrepancies noticed on physical verification of Inventory as compared to the book records have been properly dealt with the Books of Account.
- (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 Companies Act. Accordingly, paragraph 3(iii) of the Order is not applicable.

- (iv) In our opinion and according to information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect investments made. Further the Company has not granted any loans, given any guarantee or security in connection with a loan to a director or any other person in whom any of the director of the company is interested.
- (v) In our opinion and according to the information and explanations given to us, the company has complied with the directives of the Reserve Bank of India and the provision of Sections 73 to 76 of the Companies Act 2013, and the rules framed there under, wherever applicable. As informed to us, no order has been passed against the Company, by the Company Law Board, the National Company Law Tribunal, RBI, or any court or any tribunal.
- (vi) The Central Government has specified maintenance of cost records under Sub-section (1) of Section 148 of the Act and we are of the opinion that prima facie such records are made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

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(b) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2020 on account of dispute are given below:

Sr No.	Name of the Statute	Nature of the Dues	Amount* (Rs in Lakhs)	Period(s) to which the amount relates (Various year covering the period)	Forum where such dispute is pending
1	Central Excise Act, 1944	Excise Duty	222.87	1987-1991, 1990-1991, 1998-2000, 2008-2015	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
			0.23	1995-1996	Appellate Authority upto Commissioner's level
2	Sales Tax Laws	Sales Tax	269.65	1995-1998, 2003-2012, 2015-2016	Appellate Authority upto Commissioner's level
			38.04	2003-2004, 2006-2008	Commercial Tax Appellate Board
3	Custom Act, 1962	Custom Duty	16.83	2004-2005, 2012-2013	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)

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

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. Further the Company did not have any outstanding loans or borrowings from financial institutions or government and there are no dues to debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company

had not raised money by way of further public offer (including debt instruments) during the year.

- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Place : Pune
Date : 29th June 2020

Suhas Deshpande
Partner
Membership No. 031787
UDIN : 20031787AAAAW1980



Balance Sheet as at 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
I ASSETS			
1. Non-current Assets			
(a) Property, Plant and Equipment	3	1,16,073	1,08,052
(b) Capital Work-in-progress	3	17,484	13,265
(c) Investment Property	4	554	578
(d) Other Intangible Assets	5	23,389	12,953
(e) Intangible Assets under development	5	27,023	23,915
(f) Financial Assets			
(i) Investments	6	9,184	2,819
(ii) Loans and Advances	7	1,535	1,516
(g) Deferred Tax Assets (Net)	8	707	--
(h) Other Non-current Assets	9	12,537	11,868
Total Non-current Assets		2,08,486	1,74,966
2. Current Assets			
(a) Inventories	10	55,152	50,356
(b) Financial Assets			
(i) Trade Receivables	11	16,872	16,652
(ii) Cash and Cash equivalents	12	6,407	227
(iii) Bank Balance other than (ii) above	12	220	93
(iv) Loans and Advances	7	181	197
(v) Other Financial Assets	13	14,230	31,700
(c) Current Tax Assets (Net)	8	1,031	303
(d) Other Current Assets	9	8,075	9,096
Total Current Assets		1,02,168	1,08,624
Total Assets		3,10,654	2,83,590
II EQUITY AND LIABILITIES			
1. Equity			
(a) Equity Share Capital	14	1,318	1,318
(b) Other Equity	15	1,96,253	1,92,169
Total Equity		1,97,571	1,93,487
2. Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
Borrowings	16	18,750	20,563
(b) Provisions	18	3,049	3,083
(c) Deferred Tax Liabilities (Net)	8	--	989
(d) Other Non-current Liabilities	20	173	157
Total Non-current Liabilities		21,972	24,792
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	4,722	5,087
(ii) Trade Payables	19		
- Total outstanding dues of Micro and Small enterprises		40	71
- Total outstanding dues other than Micro and Small enterprises		57,991	39,459
(iii) Other Financial Liabilities	17	9,982	5,260
(b) Other Current Liabilities	20	16,617	13,247
(c) Provisions	18	1,759	2,187
Total Current Liabilities		91,111	65,311
Total Liabilities		1,13,083	90,103
Total Equity and Liabilities		3,10,654	2,83,590

See accompanying notes forming part of the Financial Statements

1-47

As per our separate report of even date.

On behalf of the Board of Directors

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

Sanjay Kumar Bohra
Chief Financial Officer

Prasan Firodia
Managing Director

Suhas Deshpande
Partner
Membership No. 031787

Kishore P. Shah
Company Secretary

Prashant V. Inamdar
Executive Director

Place : Pune
Date : 29th June 2020

Place : Pune
Date : 29th June 2020



Statement of Profit and Loss for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	For the year ended 31st March 2020	For the year ended 31st March 2019
I INCOME			
(a) Revenue from Operations	21	3,08,013	3,65,210
(b) Other Income	22	4,277	8,162
Total Income		3,12,290	3,73,372
II EXPENSES			
(a) Cost of Materials consumed		2,14,014	2,81,471
(b) Changes in Inventories of Finished Goods and Work-in-progress	23	8,265	(3,425)
(c) Employee benefits expense	24	40,658	40,536
(d) Finance costs	25	2,785	1,533
(e) Depreciation and Amortization expense	26	19,452	15,092
(f) Other expenses	27	31,816	32,171
(g) Expenditure included in the above items capitalized		(13,589)	(13,387)
Total Expenses		3,03,401	3,53,991
III Profit before exceptional items and tax		8,889	19,381
IV Exceptional Items		(3,906)	--
V Profit Before Tax		4,983	19,381
VI Tax Expense	8		
(a) Current Tax		897	4,199
(b) Deferred Tax		(1,731)	488
(c) Taxation in respect of earlier years		(2)	(24)
Total Tax Expense		(836)	4,663
VII Profit for the year		5,819	14,718
VIII Other Comprehensive Income :			
(a) Items that will not be reclassified to Profit or Loss			
(i) Re-measurements of net defined benefit liability		155	112
(ii) Equity instrument through Other Comprehensive Income		(266)	424
		(111)	536
(b) Income tax relating to items that will not be reclassified to Profit or Loss			
(i) Taxes on re-measurements of net defined benefit liability		(54)	(39)
(ii) Taxes on Equity instrument through Other Comprehensive Income		19	(19)
		(35)	(58)
Total Other Comprehensive Income		(146)	478
IX Total Comprehensive Income for the year (comprising Profit and Other Comprehensive Income for the year)		5,673	15,196
X Basic and Diluted Earnings per equity share	28	44.16	111.70
[Nominal value per share ₹ 10/-] ₹			

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

As per our separate report of even date.

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

Suhas Deshpande
Partner
Membership No. 031787

Place : Pune
Date : 29th June 2020

Sanjay Kumar Bohra
Chief Financial Officer

Kishore P. Shah
Company Secretary

On behalf of the Board of Directors

Prasan Firodia
Managing Director

Prashant V. Inamdar
Executive Director

Place : Pune
Date : 29th June 2020

Statement of Changes in Equity for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

A. Equity Share Capital

Balance as at 1st April 2018	Changes in Equity Share Capital during the year	Balance as at 31st March 2019
1,318	--	1,318
Balance as at 1st April 2019	Changes in Equity Share Capital during the year	Balance as at 31st March 2020
1,318	--	1,318

B. Other Equity

Particulars	Reserves and Surplus			Equity Instruments through Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings		
Balance as at 1st April 2018	5,920	34,629	1,37,074	938	1,78,561
Profit for the year	--	--	14,718	--	14,718
Other Comprehensive Income (Net of tax)	--	--	73	405	478
Dividends (including dividend distribution tax)	--	--	(1,588)	--	(1,588)
Balance as at 31st March 2019	5,920	34,629	1,50,277	1,343	1,92,169
Balance as at 1st April 2019	5,920	34,629	1,50,277	1,343	1,92,169
Profit for the year	--	--	5,819	--	5,819
Other Comprehensive Income (Net of tax)	--	--	101	(247)	(146)
Dividends (including dividend distribution tax)	--	--	(1,589)	--	(1,589)
Balance as at 31st March 2020	5,920	34,629	1,54,608	1,096	1,96,253

As per our separate report of even date.

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

Suhas Deshpande
 Partner
 Membership No. 031787

 Place : Pune
 Date : 29th June 2020

Sanjay Kumar Bohra
 Chief Financial Officer

Kishore P. Shah
 Company Secretary

On behalf of the Board of Directors

Prasan Firodia
 Managing Director

Prashant V. Inamdar
 Executive Director

 Place : Pune
 Date : 29th June 2020



Statement of Cash Flows for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
A. Cash flow from Operating Activities		
Profit before tax	4,983	19,381
Adjustments for		
Depreciation and Amortization expense	19,452	15,092
Net exchange differences (unrealised)	234	(284)
Interest Income	(2,195)	(2,061)
Dividend income on Equity Securities	(4)	(5)
Loss / (Gain) on disposal of Property, Plant and Equipment	(9)	177
Finance Costs	2,785	1,533
Inventory write down	190	203
Operating Profit before Working Capital adjustments	25,436	34,036
Working Capital adjustments (Increase) / Decrease in		
Trade Receivables	(191)	7,530
Inventories	(4,987)	(2,848)
Other Financial Assets	(130)	242
Other Non-financial Assets	1,098	6,719
Trade Payables	18,233	(16,661)
Financial Liabilities	(27)	(502)
Non-financial Liabilities	3,385	7,196
Provisions	(306)	207
Cash generated from Operations	42,511	35,919
Income Tax paid (Net)	(1,624)	(4,716)
Net Cash flow from / (used in) Operating Activities	40,887	31,203
B. Cash flow from Investing Activities		
Payments for Property, Plant and Equipment and Intangible Assets	(45,842)	(49,811)
Proceeds from sale of Property, Plant and Equipment and Intangible Assets	64	93
Deposits with Financial Institution	17,500	(11,000)
Interest received	2,165	1,491
Investments in Joint Venture	(6,630)	(1,336)
Dividends received	4	5
Net Cash flow from / (used in) Investing Activities	(32,739)	(60,558)
C. Cash flow from Financing Activities		
Proceeds from / (Repayment of) borrowings	2,385	28,578
Interest paid	(2,769)	(1,364)
Dividends paid (including Dividend distribution Tax)	(1,589)	(1,588)
Net Cash flow from / (used in) Financing Activities	(1,973)	25,626
Net Increase / (Decrease) in Cash and Cash equivalents	6,175	(3,729)
Cash and Cash equivalents at beginning of the financial year	228	3,957
Cash and Cash equivalents at end of the financial year	6,403	228
Cash and Cash equivalents as per Note 12	6,407	227
Effects of exchange rate fluctuations on Cash and Cash equivalents held	(4)	1
	6,403	228

As per our separate report of even date.

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

Suhas Deshpande
Partner
Membership No. 031787

Place : Pune
Date : 29th June 2020

Sanjay Kumar Bohra
Chief Financial Officer

Kishore P. Shah
Company Secretary

On behalf of the Board of Directors

Prasan Firodia
Managing Director

Prashant V. Inamdar
Executive Director

Place : Pune
Date : 29th June 2020

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

1. THE CORPORATE INFORMATION

Force Motors Limited ("**the Company**") is a Public Limited Company domiciled and incorporated in India. The Registered Office of the Company is situated at Mumbai-Pune Road, Akurdi, Pune - 411 035. The Company's ordinary shares are listed on the Bombay Stock Exchange.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

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

(b) Basis of Preparation

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

(c) Revenue Recognition

(i) Sales

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

(ii) Other Incomes

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

(d) Inventories

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

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

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

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

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

(e) Property, Plant and Equipment

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

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

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

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

(f) Intangible Assets

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

Intangible Assets internally generated

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

(g) Investment Property

Investment property is measured at cost less accumulated depreciation.

(h) Impairment of assets

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

(i) Depreciation & Amortization

(i) Property, Plant and Equipment

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

**Notes to Financial Statements for the year ended 31st March 2020****(ii) Intangible Assets**

- Software and their implementation costs are written off over the period of 5 years.
- Technical Know-how acquired and internally generated is amortized over the useful life of the assets, not exceeding 10 years.

(j) Borrowing Costs

Cost of borrowings incurred for acquisition, construction or production of qualifying asset is capitalized.

(k) Research and Development Expenses

Revenue expenditure on Research and Development is charged off as an expense in the year in which incurred and capital expenditure is grouped with Assets under appropriate heads and depreciation is provided as per rates applicable.

(l) Leases

The Company has applied Ind AS 116 - Leases from the accounting periods beginning from 1st April 2019 using the modified retrospective approach.

(i) Where the Company is the Lessee

- The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
- The right-of-use asset is subsequently depreciated using the straight-line method over the useful life of the right-of-use asset or the end of the lease term.

Short-term leases and leases of low-value assets

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

(ii) Where the Company is the Lessor

Lease rentals are recognized in the Statement of Profit and Loss. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss.

(m) Earnings per Share

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the period.

(n) Foreign currency transactions**Transactions and balances**

- Foreign Currency transactions are recorded at the rate of exchange on the date of the transaction.
- Monetary items of Assets and Liabilities booked in foreign currency are translated in to rupee at the exchange rate prevailing at the Balance Sheet date.
- Exchange difference resulting from settlement of such transaction and from translation of monetary items of Assets and Liabilities are recognized in the Statement of Profit and Loss.
- Exchange difference arising on translation of foreign currency liabilities for acquisition of Property, Plant and Equipments are adjusted to the Statement of Profit and Loss.
- The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance.

(o) Functional and presentation currency

These financial statements are presented in Indian Rupees, which is the Company's functional currency. All amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs, unless otherwise stated.

(p) Employee Benefits**Defined benefit plans**

- The accruing liability of Gratuity is covered by Employees Group Gratuity Scheme of Life Insurance Corporation of India (LIC) and the premium is accounted for in the year of accrual. The additional liability, if any, due to deficit in the Plan assets managed by LIC as compared to the present value of accrued liability on the basis of actuarial valuation, is recognized and provided for.
- Provident fund contributions are made to Company's Provident Fund Trust. The contributions are accounted for as defined benefit plans and are recognized as employee benefits expense when they are due. Deficits, if any, of the fund as compared to liability on the basis of an independent actuarial valuation is to be additionally contributed by the Company.
- Current service cost and net interest on defined benefit obligation are directly recognized in the Statement of Profit and Loss.
- Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Defined contribution plans

- The Company's superannuation scheme is a defined contribution plan. The contributions are recognized as employee benefit expense when they are due.

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

- (ii) Benefits in respect of compensated absence payable after 12 months are provided for, based on valuation, as at the Balance Sheet date, made by independent actuaries.
- (iii) Defined contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority and recognized as expense as and when due.

(q) Taxation

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

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

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

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

(r) Provisions and Contingent Liabilities

(i) Provision

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

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

(ii) Contingent liability

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

(s) Incentives

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

(t) Financial instruments

Equity investments at fair value through other comprehensive income

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

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

(u) Fair value measurement

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

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

(v) Use of estimates and judgements

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

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

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

(w) Recent accounting pronouncements

New Accounting pronouncements affecting amounts reported and / or disclosures in the financial statements.

The Ministry of Corporate Affairs (MCA) has not issued any new standards nor amended any existing standards which are effective for reporting periods beginning on or after 1st April 2020.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

Particulars	Land		Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Aircrafts	Total	Capital Work-in-Progress
	Freehold	Leasehold								
Gross carrying amount										
Balance as at 1st April 2019	868	2,472	31,096	1,77,340	1,944	4,006	1,115	17,990	2,36,831	13,265
Additions	--	81	629	21,621	160	1,264	144	--	23,899	11,403
Disposals / Adjustments	--	--	--	65	3	201	5	--	274	7,184
Balance as at 31st March 2020	868	2,553	31,725	1,98,896	2,101	5,069	1,254	17,990	2,60,456	17,484
Accumulated depreciation										
Balance as at 1st April 2019	--	91	8,737	1,11,365	984	2,176	750	4,676	1,28,779	
Depreciation for the year	--	32	1,168	13,083	146	412	134	848	15,823	
Disposals / Adjustments	--	--	--	64	2	150	3	--	219	
Balance as at 31st March 2020	--	123	9,905	1,24,384	1,128	2,438	881	5,524	1,44,383	
Carrying amounts (Net)										
As at 31st March 2020	868	2,430	21,820	74,512	973	2,631	373	12,466	1,16,073	17,484
As at 31st March 2019	868	2,381	22,359	65,975	960	1,830	365	13,314	1,08,052	13,265

Notes :

- (a) Refer to Note 34 for Lease.
(b) Refer to Note 30 (b) for disclosure of contractual commitments for the acquisition of Property, Plant & Equipment.
(c) Capital Work-in-Progress mainly comprises Plant & Equipment.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

4. INVESTMENT PROPERTY

Particulars	Industrial Shed
Gross carrying amount	
Balance as at 1st April 2019	794
Additions	--
Disposals / Adjustments	--
Balance as at 31st March 2020	794
Accumulated depreciation	
Balance as at 1st April 2019	216
Depreciation for the year	24
Disposals / Adjustments	--
Balance as at 31st March 2020	240
Carrying amounts (Net)	
As at 31st March 2020	554
As at 31st March 2019	578

Information regarding income and expenditure of Investment Property :

Particulars	As at 31st March 2020	As at 31st March 2019
Rental income derived from investment property	--	524
Compensation on foreclosure of Lease Deed	--	741
Direct operating expenses (including repairs and maintenance) generating rental income	--*	--*
Direct operating expenses (including repairs and maintenance) that did not generate rental income	--	--
Income arising from investment property before depreciation and indirect expenses	--*	1,265
Less : Depreciation	24	25
Income from investment property	(24)	1,240

Leasing arrangements

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

Fair Value

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

Particulars	As at 31st March 2020	As at 31st March 2019
Industrial Property	2,902	2,817

Reconciliation of fair value

Particulars	Industrial Property
Balance as at 1st April 2019	2,817
Change in fair value	85
Balance as at 31st March 2020	2,902

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


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

(All amounts in ₹ Lakhs, unless otherwise stated)

5. INTANGIBLE ASSETS

Particulars	Software	Technical Know-how acquired	Technical Know-how acquired upto 1st April 2003	Technical Know-how internally generated	Total	Intangible Assets under development
Gross carrying amount						
Balance as at 1st April 2019	4,786	5,324	822	13,141	24,073	23,915
Additions	67	665	--	13,309	14,041	11,198
Disposals / Adjustments	--	--	--	--	--	8,090
Balance as at 31st March 2020	4,853	5,989	822	26,450	38,114	27,023
Accumulated amortization						
Balance as at 1st April 2019	3,106	3,834	822	3,358	11,120	
Amortization for the year	676	685	--	2,244	3,605	
Disposals / Adjustments	--	--	--	--	--	
Balance as at 31st March 2020	3,782	4,519	822	5,602	14,725	
Carrying amounts (Net)						
As at 31st March 2020	1,071	1,470	--	20,848	23,389	27,023
As at 31st March 2019	1,680	1,490	--	9,783	12,953	23,915

Note : Intangible Assets under development mainly comprises internally generated technical know-how.

6. FINANCIAL ASSETS : INVESTMENTS (NON-CURRENT)

	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>
A. Investments at Fair Value through Other Comprehensive Income (FVTOCI)		
(a) Unquoted Equity Shares (fully paid)		
(i) 1 (31st March 2019 : 1) Equity Share of ₹ 10/-, fully paid in MAN Truck & Bus India Pvt. Ltd.	--*	--*
(ii) 50,000 (31st March 2019 : 50,000) Equity Share of ₹ 10/-, fully paid in Pithampur Auto Cluster Ltd.	5	5
(iii) 5 (31st March 2019 : 5) Equity Shares of ₹ 50/- each, fully paid in Mittal Tower Premises Co-operative Society Ltd.	--*	--*
(b) Quoted Equity Shares (fully paid)		
3,47,187 (31st March 2019 : 3,47,187) Equity Shares of ₹ 2/- each, fully paid in ICICI Bank Ltd.	1,124	1,389
Total FVTOCI Investments	1,129	1,394
B. Investment at Cost		
Unquoted Equity Shares (fully paid)		
(a) In Subsidiary		
8,80,200 (31st March 2019 : 8,80,200) Equity Shares of ₹ 10/- each, fully paid in Tempo Finance (West) Pvt. Ltd.	89	89
(b) In Joint Venture		
7,96,62,000 (31st March 2019 : 1,33,62,000) Equity Shares of ₹ 10/- each, fully paid in Force MTU Power Systems Pvt. Ltd.	7,966	1,336
	8,055	1,425
Total Investments	9,184	2,819
Aggregate book value of quoted investments	1,124	1,389
Aggregate market value of quoted investments	1,124	1,389
Aggregate value of unquoted investments	8,060	1,430
Aggregate amount of impairment in the value of investments	--	--

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

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

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

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



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

(All amounts in ₹ Lakhs, unless otherwise stated)

7. FINANCIAL ASSETS : LOANS AND ADVANCES

	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>
Non-current		
(a) Security Deposits		
(i) Considered Good - Unsecured	1,534	1,513
(ii) Which have significant increase in Credit Risk (Doubtful)	--	--
(b) Other Loans and Advances		
(i) Considered Good - Unsecured	1	3
(ii) Which have significant increase in Credit Risk (Doubtful)	--	--
	<u>1</u>	<u>3</u>
Less : Allowances for expected credit losses	--	--
	<u>1</u>	<u>3</u>
Total Non-current Loans and Advances	<u>1,535</u>	<u>1,516</u>
Current		
(a) Security Deposits		
Considered Good - Unsecured	45	45
(b) Other Loans and Advances		
(i) Consider Good - Unsecured	136	152
(ii) Credit impaired (Doubtful)	--	--
	<u>181</u>	<u>197</u>
Total Current Loans and Advances	<u>181</u>	<u>197</u>
Total Loans and Advances	<u>1,716</u>	<u>1,713</u>

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

(All amounts in ₹ Lakhs, unless otherwise stated)

8. CURRENT AND DEFERRED TAX

	As at 31st March 2020	As at 31st March 2019
A. Statement of Profit or Loss		
(a) Current Tax		
(i) Current Income Tax charge	897	4,199
(ii) Taxation in respect of earlier years	(2)	(24)
(b) Deferred Tax		
Relating to origination and reversal of temporary differences	(1,731)	488
Income Tax expense reported in the Statement of Profit or Loss	(836)	4,663
(c) Other Comprehensive Income (OCI)		
Deferred Tax related to items recognized in OCI during the year		
(i) Re-measurements on defined benefit plan	(54)	(39)
(ii) Quoted Equity Instruments	19	(19)
Income Tax recognized in OCI	(35)	(58)
B. Balance Sheet	As at 31st March 2020	As at 31st March 2019
(a) Current Tax Assets		
Advance Income Tax	1,031	303
Total Current Tax Assets (Net)	1,031	303
(b) Current Tax Liabilities		
Provision for Income Tax	--	--
Total Current Tax Liabilities (Net)	--	--
(c) Deferred Tax		
(i) Deferred Tax Assets (DTA)	27,256	19,908
(ii) Deferred Tax Liabilities (DTL)	(26,549)	(20,897)
Net Deferred Tax Assets / (Liabilities)	707	(989)

Reconciliation of tax expense and the accounting profit for the year ended 31st March 2020 and 31st March 2019

	As at 31st March 2020	As at 31st March 2019
Accounting Profit Before Tax	4,983	19,381
(a) Tax as per Income Tax Act	1,741	6,772
(b) Tax Expense		
(i) Current Tax	897	4,199
(ii) Deferred Tax	(1,731)	488
(iii) Taxation in respect of earlier years	(2)	(24)
Total Tax Expense	(836)	4,663
(c) Difference (a) - (b)	2,577	2,109
(d) Tax Reconciliation		
(i) Permanent Dis-allowances	(469)	(167)
(ii) Allowances and accelerated deductions	3,047	2,267
(iii) MAT credit	(3)	(15)
(iv) Taxation in respect of earlier years	2	24
Total	2,577	2,109

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

(All amounts in ₹ Lakhs, unless otherwise stated)

Deferred Tax Assets and Liabilities are as follows :

	Balance Sheet	
	As at 31st March 2020	As at 31st March 2019
Deferred Tax Assets / (Liabilities) in relation to		
Deferred Tax relates to the following : (DTL) / DTA		
(a) Property, Plant and Equipment	(26,545)	(20,873)
(b) Provision for doubtful advances	52	52
(c) Dis-allowance u/s 43B of the Income Tax Act	2,022	2,109
(d) Prepaid taxes claimed u/s 43B	(5)	(6)
(e) Carry forward Income tax loss	6,541	--
(f) MAT credit entitlement	18,640	17,746
(g) Quoted Equity Instrument through Other Comprehensive Income	--	(19)
(h) Unquoted Equity Instrument through Other Comprehensive Income	2	2
Net Deferred Tax Assets / (Liabilities)	707	(989)

Significant components of net Deferred Tax Assets and Liabilities for the year ended 31st March 2020 are as follows :

Movement in temporary differences	As at 1st April 2019	Recognized in profit or loss during 2019-20	Recognized in Other Comprehensive Income during 2019-20	As at 31st March 2020
Property, Plant and Equipment	(20,873)	(5,672)	--	(26,545)
Provision for doubtful advances	52	--	--	52
Dis-allowance u/s 43B of the Income Tax Act	2,109	(33)	(54)	2,022
Prepaid taxes claimed u/s 43B	(6)	1	--	(5)
Carry forward Income tax loss	--	6,541	--	6,541
MAT credit entitlement	17,746	894	--	18,640
Quoted Equity Instrument through Other Comprehensive Income	(19)	--	19	--
Unquoted Equity Instrument through Other Comprehensive Income	2	--	--	2
	(989)	1,731	(35)	707



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

(All amounts in ₹ Lakhs, unless otherwise stated)

9. OTHER ASSETS

	As at 31st March 2020	As at 31st March 2019
Non-current		
(a) Capital Advances		
Considered Good - Unsecured	12,537	11,791
(b) Prepaid Lease rentals	--	77
Total Non-current Other Assets	12,537	11,868
Current		
(a) Advances recoverable in cash or kind (includes Govt. Incentives, Taxes, etc.)		
(i) Considered Good - Unsecured	8,075	9,092
(ii) Doubtful	108	108
	8,183	9,200
Less : Provision for doubtful advances	108	108
	8,075	9,092
(b) Prepaid Lease rentals	--	4
Total Current Other Assets	8,075	9,096
Total Other Assets	20,612	20,964

10. INVENTORIES (CURRENT)

	As at 31st March 2020	As at 31st March 2019
(a) Raw Materials and Components*	36,922	23,948
(b) Finished goods	9,527	17,008
(c) Work-in-progress	5,722	6,506
(d) Stores and spares	2,981	2,894
* [Include Goods in transit : ₹ 14,093 Lakhs (31st March 2019 : ₹ 3,902 Lakhs)]		
Total Inventories	55,152	50,356

The write-down of inventories to net realisable value during the year amounted to ₹ 190 Lakhs (31st March 2019 : ₹ 203 Lakhs). The write-down are included in the cost of material consumed or changes in inventories of finished goods and work-in-progress.

11. TRADE RECEIVABLES (CURRENT)

	As at 31st March 2020	As at 31st March 2019
(a) Considered Good - Unsecured	16,872	16,652
(b) Which have significant increase in Credit Risk (Doubtful)	40	40
	16,912	16,692
Less : Provision for Doubtful Receivables	40	40
Total Trade Receivables	16,872	16,652

Trade Receivables are not credit impaired.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

12. CASH AND CASH EQUIVALENTS (CURRENT)

	As at 31st March 2020	As at 31st March 2019
(a) Cash and Cash equivalents		
(i) Balances with Banks	6,394	191
(ii) Cheques / Drafts on hand	6	33
(iii) Cash on hand	7	3
	6,407	227
(b) Other Bank balances		
(i) Unpaid Dividend Accounts	56	55
(ii) Margin money and Security deposit	164	38
	220	93
Total Cash and Cash equivalents	6,627	320

13. OTHER FINANCIAL ASSETS (CURRENT)

	As at 31st March 2020	As at 31st March 2019
(a) Interest accrued on deposits	730	700
(b) Corporate deposits	13,500	31,000
Total Other Financial Assets	14,230	31,700



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

(All amounts in ₹ Lakhs, unless otherwise stated)

14. EQUITY SHARE CAPITAL

	As at 31st March 2020	As at 31st March 2019
Authorised		
2,00,00,000 (31st March 2019 : 2,00,00,000) Equity Shares of ₹10/- each	2,000	2,000
Issued		
1,32,13,802 (31st March 2019 : 1,32,13,802) Equity Shares of ₹10/- each	1,321	1,321
Subscribed and Paid-up		
1,31,76,262 (31st March 2019 : 1,31,76,262) Equity Shares of ₹10/- each fully paid up	1,318	1,318
[of the above 2,00,918 (31st March 2019 : 2,00,918) Equity Shares are allotted as fully paid shares pursuant to a contract without payment being received in cash and 57,29,934 (31st March 2019 : 57,29,934) Equity Shares are allotted as fully paid Bonus Shares by capitalisation of reserves]		
[These allotments were made before earlier financial year and not in the period of five years preceding 31st March 2020 or 31st March 2019].		
Add: Amount paid for Forfeited shares	--*	--*
Total Equity Share Capital	1,318	1,318

Note : Offer on Rights basis for 17,932 (31st March 2019 : 17,932) Equity Shares of ₹ 10/- each is kept in abeyance as per the provisions of Section 126 of the Act.

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

Particulars	As at 31st March 2020		As at 31st March 2019	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	1,31,76,262	1,318	1,31,76,262	1,318
Issued/ Reduction during the year	--	--	--	--
Shares outstanding at the end of the year	1,31,76,262	1,318	1,31,76,262	1,318

(b) Terms / rights attached to Equity Shares

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

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

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

The Company is a subsidiary of Jaya Hind Industries Limited, which holds 57.38 % (31st March 2019 : 57.38%), 75,59,928 (31st March 2019 : 75,59,928) Equity shares in the Company.

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

Name of Shareholder	As at 31st March 2020		As at 31st March 2019	
	No. of Shares of ₹10/- each fully paid	% of Holding	No. of Shares of ₹ 10/- each fully paid	% of Holding
Jaya Hind Industries Limited	75,59,928	57.38%	75,59,928	57.38%

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

15. OTHER EQUITY

	As at 31st March 2020	As at 31st March 2019
I. Reserves and Surplus		
(a) Securities Premium	5,920	5,920
(b) General Reserve	34,629	34,629
(c) Retained Earnings		
(i) Opening balance	1,50,277	1,37,074
(ii) Net profit for the year	5,819	14,718
(iii) Comprehensive income for the year	101	73
	1,56,197	1,51,865
Adjustments		
(i) Equity Dividend	1,318	1,318
(ii) Tax on Equity Dividend	271	270
	1,589	1,588
Closing Balance	1,54,608	1,50,277
II. Equity instruments through Other Comprehensive Income		
Opening Balance	1,343	938
Adjustments		
FVTOCI Equity Investments - change in fair value	(247)	405
Closing Balance	1,096	1,343
Total Other Equity	1,96,263	1,92,169

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

16. FINANCIAL LIABILITIES : BORROWINGS

	As at 31st March 2020	As at 31st March 2019
Non-current		
Term Loan from Banks (Secured)	26,250	23,500
Less : Current maturities of Non-current Borrowings disclosed under the head Current Other Financial Liabilities (Refer Note 17)	7,500	2,937
Total Non-current Borrowings	18,750	20,563
(Refer Note 38 for maturity pattern of Borrowings)		
Current		
Working Capital Loan from Banks (Secured)	4,722	5,087
Total Current Borrowings	4,722	5,087
Total Borrowings	23,472	25,650

- **Term Loan** is secured by hypothecation, by way of exclusive charge on specified plant and machinery, being movable properties, secured as a continuing security for the repayment of term loan together with interest. The term loan is repayable in 16 equal quarterly installments.
- **Working Capital Loans** are secured by hypothecation of Company's stock of raw materials, work-in-progress, finished goods, consumable stores, spares, bills receivable and book debts, both present and future. The Fund Based Limits are payable on demand to the Banks.



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

(All amounts in ₹ Lakhs, unless otherwise stated)

17. OTHER FINANCIAL LIABILITIES

	As at 31st March 2020	As at 31st March 2019
Current		
(a) Current maturities of Non-current Borrowings (Refer Note 16)		
(i) Term Loan from Banks (Secured)	7,500	2,937
(ii) Deposits matured but not claimed	3	3
(b) Interest on Borrowings		
(i) Accrued and due on Term Loan	184	169
(ii) Accrued and due on unclaimed deposits	--*	--*
(c) Unclaimed dividend	56	55
(d) Creditors for Capital Goods	1,628	1,456
(e) Security deposits	269	242
(f) Other payables	342	398
Total Current Other Financial Liabilities	9,982	5,260

18. PROVISIONS

	As at 31st March 2020	As at 31st March 2019
Non-current		
(a) Provision for Employee benefits (Refer Note 36)	2,998	3,014
(b) Provision for Product Warranties	51	69
Total Non-current Provisions	3,049	3,083
Current		
(a) Provision for Employee benefits (Refer Note 36)	1,486	1,813
(b) Provision for Product Warranties	273	374
Total Current Provisions	1,759	2,187
Total Provisions	4,808	5,270

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

Movement in Product Warranties

	As at 31st March 2020	As at 31st March 2019
Product Warranties		
(a) Opening balance	443	588
(b) Additional provision made during the year	255	345
(c) Amount paid during the year	(217)	(257)
(d) Amount written back	(157)	(233)
Closing balance	324	443

19. TRADE PAYABLES

	As at 31st March 2020	As at 31st March 2019
(a) Total outstanding dues of Micro and Small enterprises	40	71
(b) Total outstanding dues other than Micro and Small enterprises	57,991	39,459
Total Trade Payables	58,031	39,530

20. OTHER LIABILITIES

	As at 31st March 2020	As at 31st March 2019
Non-current		
Service Coupon Liability	173	157
Total Non-current Other Liabilities	173	157
Current		
(a) Advances and deposits against order	15,215	7,066
(b) Statutory dues	1,032	5,756
(c) Service Coupon Liability	370	425
Total Current Other Liabilities	16,617	13,247
Total Other Liabilities	16,790	13,404

Movement in Service Coupon Liability

	As at 31st March 2020	As at 31st March 2019
Free Service Coupons		
(a) Opening balance	582	682
(b) Additional provisions made during the year	463	482
(c) Amount paid during the year	(413)	(500)
(d) Amount written back	(89)	(82)
Closing balance	543	582



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

(All amounts in ₹ Lakhs, unless otherwise stated)

21. REVENUE FROM OPERATIONS

	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Sale of Products	3,05,308	3,62,001
(b) Other Operating Revenue		
(i) Service charges	193	539
(ii) Others	2,512	2,670
Total Revenue from Operations	3,08,013	3,65,210

22. OTHER INCOME

	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Interest income	2,393	2,675
(b) Dividend income from Equity Investments designated at FVTOCI	4	5
(c) Gain on Exchange fluctuation	249	1,132
(d) Industrial Promotion Incentive	--	2,077
(e) Lease / Rental income	313	524
(f) Profit on sale of assets	32	12
(g) Others	1,286	1,737
Total Other Income	4,277	8,162

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

	For the year ended 31st March 2020	For the year ended 31st March 2019
Opening Stock		
(a) Finished Goods	17,008	15,757
(b) Work-in- progress	6,506	4,332
	23,514	20,089
Closing Stock		
(a) Finished Goods	9,527	17,008
(b) Work-in- progress	5,722	6,506
	15,249	23,514
Total Changes in Inventories of Finished Goods and Work-in-progress	8,265	(3,425)

24. EMPLOYEE BENEFITS EXPENSE

	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Salaries, Wages and Bonus	36,836	36,758
(b) Contribution to Provident, Other Funds and Schemes	2,694	2,578
(c) Staff welfare expenses	1,128	1,200
Total Employee Benefits Expense	40,658	40,536

25. FINANCE COSTS

	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Interest expense	2,682	1,402
(b) Other borrowing costs	47	50
(c) Net interest cost on net defined benefit obligations	56	81
Total Finance Costs	2,785	1,533

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

(All amounts in ₹ Lakhs, unless otherwise stated)

26. DEPRECIATION AND AMORTIZATION EXPENSE

	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Depreciation of Property, Plant and Equipment	15,823	12,702
(b) Amortization of Intangible Assets	3,605	2,365
(c) Depreciation on Investment Property	24	25
Total Depreciation and Amortization Expense	19,452	15,092

27. OTHER EXPENSES

	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Consumption of Stores and Spares	6,569	7,805
(b) Fabrication and Processing charges	875	770
(c) Power and Fuel	4,725	4,886
(d) Forwarding charges	2,695	3,273
(e) Rent	270	189
(f) Rates and Taxes	176	170
(g) Insurance	585	552
(h) Repairs and Maintenance:		
(i) Plant and Machinery	2,160	2,137
(ii) Buildings	572	388
(iii) Others	214	185
(i) Publicity and Sales promotion	2,305	1,837
(j) Payments to Auditors (Refer details below)	32	33
(k) Donation	861	423
[Includes donation under Section 182 of the Companies Act, 2013 : ₹ 425 Lakhs (31st March 2019 : ₹ 420 Lakhs)		
(l) Expenditure on Corporate Social Responsibility (Refer Note 43)	420	460
(m) Miscellaneous / Other Expenses	9,357	9,063
Total Other Expenses	31,816	32,171

Details of payments to Auditors

	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Audit fees	24	22
(b) Tax Audit fees	1	1
(c) Limited review and Certification work	6	8
(d) Reimbursement of expenses	1	2
Total payments to Auditors	32	33

28. EARNINGS PER SHARE

	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Profit attributable to Equity Shareholders	5,819	14,718
(b) Weighted average number of Equity Shares used as Denominator	1,31,76,262	1,31,76,262
(c) Basic and Diluted Earnings Per Share of nominal value of ₹ 10/- each : ₹	44.16	111.70

29. EXPENDITURE CAPITALIZED

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



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

(All amounts in ₹ Lakhs, unless otherwise stated)

30. CONTINGENT LIABILITIES AND COMMITMENTS

	As at 31st March 2020	As at 31st March 2019
(a) Contingent Liabilities		
Claims against the Company not acknowledged as debts		
(i) Taxes and Duties	7,570	2,765
(ii) Others (including Court cases pending)	3,688	3,772
(b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	24,083	23,206
(c) As reported earlier, a foreign company has initiated legal proceedings in a foreign court, in respect of notional and unfounded claims for damages, without there being any enforceable agreement, relating to export business. The Company has obtained opinion from a Senior Counsel, in respect of these alleged claims against the Company. The Company has been advised that such notional / unfounded claims are not as per the applicable law nor these claims, if any, can be enforced in the Court of Law in India. This information is being disclosed as per the provisions of Schedule III to the Companies Act, 2013, only to indicate the alleged claims made against the Company and the developments in respect thereof. Moreover, considering the period lapsed, since the conclusion of the said legal proceedings, the Company does not expect any impact of this litigation on its financial position.		

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

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

	As at 31st March 2020	As at 31st March 2019
(a) The amounts remaining unpaid to Micro and Small Enterprises as at the end of the year		
(i) Principal	40	71
(ii) Interest	--	--
(b) Amount of interest - paid by the Company, accrued and remaining unpaid and amount of further interest remaining due and payable in the succeeding years until such date when the interest dues above are actually paid.	--	--

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

32. FOREIGN EXCHANGE DIFFERENCES

The amount of net exchange differences included in the Profit / Loss for the year on Revenue account is ₹ 342 Lakhs Credit (31st March 2019 : ₹ 1,111 Lakhs Credit) and on Capital account is ₹ 93 Lakhs Debit (31st March 2019 : ₹ 21 Lakhs Credit).

33. EXPENDITURE ON RESEARCH AND DEVELOPMENT

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

	As at 31st March 2020	As at 31st March 2019
(a) Capital Expenditure	19,991	14,069
(b) Revenue Expenditure	8,948	6,372

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

As per the Indian Accounting Standard (Ind AS 38) - Intangible Assets, the Company has recognized Intangible Assets, arising out of in-house Research and Development activities of the Company, by capitalising the revenue expenditure, amounting to ₹ 13,574 Lakhs (31st March 2019 : ₹ 8,995 Lakhs).

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

34. LEASES

Operating Leases

As a Lessor

(i) Industrial Shed at Chakan

The Company's industrial property situated at Chakan, Pune, was given on lease for a period of 10 years. The Lessee and the Lessor have mutually agreed to foreclose the Lease and accordingly, the Lessee has vacated the leased premises peacefully in March, 2019, based on the terms and conditions specified in the Memorandum for Foreclosure of Lease.

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

(ii) Freehold Land

Out of the freehold land at Akurdi, Pune

2700 sq. mtrs. (cost ₹ 1,374) of land is given on lease to Maharashtra State Electricity Distribution Company Limited for 99 years, w.e.f. 1st August 1989. Lease rentals are recognized in the Statement of Profit and Loss.

19,000 sq. mtrs. (cost ₹ 9,669) of land is given on lease to Navalmal Firodia Memorial Hospital Trust for 25 years, w.e.f. 12th August 2014. Lease rentals are recognized in the Statement of Profit and Loss.

These land given on lease are not considered as investment property considering the insignificant area and cost of that with respect to total area and cost of freehold land at Akurdi, Pune.

As a Lessee

Leasehold land

The Company has entered into Lease Agreements for Industrial Land, at Pithampur in Madhya Pradesh. The Company, being a Lessee, may surrender the leased area after giving Lessor 3 months notice period in writing. The lease premium is not refundable to Company in case of early termination of agreement by the Company. The Lessor is also entitled to terminate the Lease Agreement, if the Lessee defaults the terms and conditions of the Lease Agreement. The lease expense has been recognized in the Statement of Profit and Loss.

35. RELATED PARTY DISCLOSURES

I. Names of the related party and nature of relationship where control exists

Name of the Related Party

- (a) Jaya Hind Industries Limited
- (b) Tempo Finance (West) Private Limited
- (c) Force MTU Power Systems Private Limited

Nature of relationship

- Holding Company
- Subsidiary Company
- Joint Venture Company

II. List of other related parties with whom there are transactions in the current year

Name of the Related Party

A. Key Management Personnel (KMP)

- (a) Abhaykumar Firodia
- (b) Prasan Firodia
- (c) Sudhir Mehta
- (d) Pratap Pawar
- (e) S. Padmanabhan
- (f) Nitin Desai
- (g) Dr. Indira Parikh
- (h) Arun Sheth
- (i) Arvind Mahajan
- (j) Lt. Gen. (Retd.) Dr. D. B. Shekatkar
- (k) Anant J. Talaulicar
- (l) Prashant V. Inamdhar
- (m) Sanjay Kumar Bohra

Nature of relationship

- Chairman
- Managing Director
- Director
- Director
- Director
- Director
- Director
- Director
- Director
- Director
- Director
- Executive Director (Operations)
- Chief Financial Officer

B. Other Entities

- (a) Jaya Hind Montupet Private Limited
- (b) Pinnacle Industries Limited
- (c) Kider (India) Private Limited
- (d) Bajaj Tempo Limited Provident Fund
- (e) Sakal Media Private Limited
- (f) Amar Prerana Trust
- (g) Navalmal Firodia Memorial Hospital Trust
- (h) Antardisha

- Entity controlled by KMP of Company
- Entity controlled by KMP of Company
- Entity controlled by KMP of Company
- Post employment benefit Trust
- Entity controlled by KMP of Company
- Entity controlled by KMP of Company
- Entity controlled by KMP of Company
- Entity controlled by KMP of Company


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

(All amounts in ₹ Lakhs, unless otherwise stated)

III. Transactions with Related Parties

Name of Related Party	2019-20		2018-19	
	Amount of transaction during the year	Balance as at 31st March 2020 Receivables / (Payables)	Amount of transaction during the year	Balance as at 31st March 2019 Receivables / (Payables)
A. Holding Company				
Jaya Hind Industries Limited				
(i) Purchase of Capital Goods	937		144	
(ii) Purchase of Raw Materials, Components & Others	7,511		7,760	
(iii) Sundry Sales	412	(2,625)	516	(191)
(iv) Service Charges recovered	74	857	95	307
(v) Processing Charges recovered	46		44	
(vi) Dividend paid	756		1	
(vii) Lease / Rent recovered	374		--	
B. Key Management Personnel				
(a) Remuneration				
(i) Short term employee benefits (including Commission)	657	(285)	753	(363)
(ii) Post employment benefits	31		34	
(iii) Other long-term benefits	42		42	
(b) Others				
(i) Dividend paid	49	--	49	--
(ii) Sitting fees	39	--	34	--
C. Other Entities				
(a) Force MTU Power Systems Private Limited				
(i) Service charges/Expenses recovered	676		956	
(ii) Contribution to Equity	6,630	316	1,336	33
(iii) Royalty for use of Trademark	--*		--	
(b) Jaya Hind Investments Private Limited				
Dividend paid	--	--	749	--
(c) Jaya Hind Montupet Private Limited				
(i) Purchase of Raw Materials, Components & Others	62		83	
(ii) Service Charges recovered	24	(4)	34	(6)
(iii) Processing Charges recovered	2	11	2	29
(iv) Sundry sales	--		2	
(v) Lease / Rent recovered	--*		--	
(d) Pinnacle Industries Limited				
(i) Purchase of Capital Goods	3		418	
(ii) Purchase of Raw Materials, Components & Others	15,032	(782)	14,698	(405)
(iii) Sundry sales	53	17	69	64
(iv) Lease / Rent recovered	4		--	
(v) Reimbursement of Expenses	2		--	
(e) Kider (India) Private Limited				
(i) Purchase of Capital Goods	--	(70)	4	(2)
(ii) Purchase of Raw Materials, Components & Others	121		--	
(f) Bajaj Tempo Limited Provident Fund				
Contribution to Provident Fund	782	(61)	683	(58)
(g) Sakal Media Private Limited				
Publicity charges	--	--	20	--
(h) Amar Prerana Trust				
(i) Training facility Utilisation	--	--	32	--
(ii) Sundry sales	--*	--	1	--
(i) Navalmal Firodia Memorial Hospital Trust				
Contribution towards Corporate Social Responsibility	--	--	460	--
(j) Antardisha				
Professional Fees	--	--	26	--

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

36. EMPLOYEE BENEFITS
A. Defined Contribution Plans

An amount of ₹ 563 Lakhs (31st March 2019 : ₹ 667 Lakhs) is recognized as an expense and included in "Employee Benefits Expense" in the Statement of Profit and Loss.

B. Defined Benefit Plans

(a) The amounts recognized in Balance Sheet are as follows :

	As at 31st March 2020		As at 31st March 2019	
	Gratuity Plan (Funded)	Provident Fund* (Funded)	Gratuity Plan (Funded)	Provident Fund* (Funded)
(i) Amount to be recognized in Balance Sheet				
Present value of defined benefit obligation	6,414	1,084	5,971	379
Less : Fair value of plan assets	5,629	1,316	4,823	1,291
Amount to be recognized as Liability or (Asset)	<u>785</u>	<u>(232)</u>	<u>1,148</u>	<u>(912)</u>
(ii) Amount to be reflected in Balance Sheet				
Liabilities	785	(232)	1,148	(912)
Assets	--	--	--	--
Net Liability / (Asset)	<u>785</u>	<u>(232)</u>	<u>1,148</u>	<u>(912)</u>

* Not considered in the books, being excess of plan assets over defined benefit obligation.

(b) The amounts recognized in the Statement of Profit and Loss are as follows :

	As at 31st March 2020		As at 31st March 2019	
	Gratuity Plan (Funded)	Provident Fund* (Funded)	Gratuity Plan (Funded)	Provident Fund* (Funded)
(i) Employee Benefits Expense				
Current service cost	543	66	458	19
(ii) Acquisition (Gain) / Loss	--	--	27	--
(iii) Finance cost				
Net Interest (Income) / Expenses	56	(69)	81	(77)
Transfer in / (out)	(9)	--	--	--
Net periodic benefit cost recognized in the Statement of Profit and Loss	<u>590</u>	<u>(3)</u>	<u>566</u>	<u>(58)</u>

* Not considered in the books, being excess of plan assets over defined benefit obligation.

(c) The amounts recognized in the Statement of Other Comprehensive Income (OCI)

	As at 31st March 2020		As at 31st March 2019	
	Gratuity Plan (Funded)	Provident Fund* (Funded)	Gratuity Plan (Funded)	Provident Fund* (Funded)
(i) Opening amount recognized in OCI outside Statement of Profit and Loss	--	--	--	--
(ii) Re-measurements for the year - obligation (Gain) / Loss	(168)	610	(71)	201
(iii) Re-measurements for the year - plan assets (Gain) / Loss	12	73	(40)	(69)
(iv) Total re-measurements cost / (credit) for the year recognized in OCI	<u>(156)</u>	<u>683</u>	<u>(111)</u>	<u>132</u>
(v) Less : Accumulated balances transferred to retained earnings	<u>(156)</u>	<u>683</u>	<u>(111)</u>	<u>132</u>
Closing balances [re-measurements (Gain) / Loss recognized in OCI]	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>

* Not considered in the books, being excess of plan assets over defined benefit obligation.



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

(All amounts in ₹ Lakhs, unless otherwise stated)

(d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :

	As at 31st March 2020		As at 31st March 2019	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
(i) Present value of obligation as at the beginning of the year	5,971	379	5,318	147
(ii) Acquisition adjustment	--	--	291	--
(iii) Transfer in / (out)	(14)	--	--	--
(iv) Interest expenses	440	29	402	12
(v) Past service cost	--	--	--	--
(vi) Current service cost	543	66	458	19
(vii) Curtailment cost / (credit)	--	--	--	--
(viii) Settlement cost / (credit)	--	--	--	--
(ix) Benefits paid	(358)	--	(427)	--
(x) Re-measurements on obligation - (Gain) / Loss	(168)	610	(71)	201
Present value of obligation as at the end of the year	6,414	1,084	5,971	379

(e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows :

	As at 31st March 2020		As at 31st March 2019	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
(i) Fair value of the plan assets as at beginning of the year	4,823	1,291	3,949	1,133
(ii) Acquisition adjustment	--	--	264	--
(iii) Transfer in / (out)	(5)	--	--	--
(iv) Interest income	384	98	321	89
(v) Contributions	805	--	682	--
(vi) Mortality Charges and Taxes	(10)	--	(7)	--
(vii) Benefits paid	(356)	--	(426)	--
(viii) Amount paid on settlement	--	--	--	--
(ix) Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	(12)	(73)	40	69
Fair value of plan assets as at the end of the year	5,629	1,316	4,823	1,291
Actual return on plan assets	372		362	

(f) Net interest (Income) / Expenses

	As at 31st March 2020		As at 31st March 2019	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
(i) Interest (income) / expense - obligation	440	29	402	12
(ii) Interest (income) / expense - plan assets	(384)	(98)	(321)	(89)
Net interest (income) / expense for the year	56	(69)	81	(77)

Basis used to determine the overall expected return

The net interest approach effectively assumes an expected rate of return on plan assets equal to the beginning of the year discount rate. Expected return of 7.80% has been used for the valuation purpose.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

(g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

Gratuity	As at 31st March 2020	As at 31st March 2019
(i) Discount rate	6.70%	7.60%
(ii) Expected return on plan assets	7.60%	7.80%
(iii) Salary growth rate *	8%	10%
(iv) Attrition rate - for Bargainable Staff	10%	10%
(v) Attrition rate - others	2%	2%

* The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Provident Fund	As at 31st March 2020	As at 31st March 2019
(i) Discount rate	6.70%	7.60%
(ii) Interest rate	8.65%	8.65%
(iii) Yield spread	0.50%	0.50%
(iv) Attrition rate - for Bargainable Staff	10%	10%
(v) Attrition rate - others	2%	2%

Sensitivity analysis

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present Value of Obligation (PVO). Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 50/100 basis points (0.50/1%)

(h) Change in assumption

	As at 31st March 2020		As at 31st March 2019	
	Gratuity	Provident Fund	Gratuity	Provident Fund
(i) Discount rate				
Increase by 1%	6,043	--	5,614	--
Decrease by 1%	6,829	--	6,371	--
Increase by 0.5%	--	764	--	114
Decrease by 0.5%	--	1,419	--	657
(ii) Salary increase rate				
Increase by 1%	6,760	--	6,303	--
Decrease by 1%	6,098	--	5,668	--
(iii) Withdrawal rate				
Increase by 1%	6,390	--	5,929	--
Decrease by 1%	6,441	--	6,018	--
(iv) Expected future interest rate of Provident Fund				
Increase by 1%	--	--	--	--
Decrease by 1%	--	--	--	--
Increase by 0.5%	--	1,386	--	644
Decrease by 0.5%	--	781	--	114



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

(All amounts in ₹ Lakhs, unless otherwise stated)

37. FINANCIAL INSTRUMENTS - FAIR VALUES

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities with it's classification.

	Carrying Value		Fair Value	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
Financial Assets				
(a) Fair Value through Other Comprehensive Income (FVTOCI)				
Equity Investments	1,129	1,394	1,129	1,394
(b) Amortized cost				
Trade Receivables	16,872	16,652	16,872	16,652
Loans - Security Deposits	1,716	1,713	1,716	1,713
Other Financial Assets	14,230	31,700	14,230	31,700
Cash and Cash equivalents	6,407	227	6,407	227
Other Bank Balances	220	93	220	93
Total	40,574	51,779	40,574	51,779
Financial Liabilities				
Amortized cost				
Non-current Borrowings	18,750	20,563	18,750	20,563
Current Borrowing	4,722	5,087	4,722	5,087
Trade Payable	58,031	39,530	58,031	39,530
Other Financial Liabilities	9,982	5,260	9,982	5,260
Total	91,485	70,440	91,485	70,440

The following methods and assumptions were used to estimate the fair values :

The fair values of Trade Payables, Trade Receivables, Cash and Cash equivalents and Other Bank Balances, are reasonable approximation of fair value due to the short-term maturities of these instruments.

Investment in subsidiary and joint venture are accounted at cost in accordance with Ind AS 27 - Separate financial statements, accordingly investment in subsidiary is not fair valued.

Allowance for credit loss on Trade Receivables, is taken into account, on the basis of credit worthiness of the customer individual.

Borrowings represents Working Capital Loan and Term Loan from Banks obtained at market rates of interest available for debt on similar terms, credit risk and remaining maturities. As of reporting date, the fair value of borrowings is measured at amortized cost, which is reasonable approximation of fair value.

Fair value hierarchy and valuation techniques used

(a) Financial Assets and Liabilities measured at fair value

	Level	31st March 2020	31st March 2019
Financial Assets			
FVTOCI Investments - Quoted	Level 1	1,124	1,389
FVTOCI Investments - Unquoted	Level 3	5	5
Total		1,129	1,394

(b) Financial Assets and Liabilities measured at amortized cost for which fair value is disclosed

	Level	31st March 2020	31st March 2019
Financial Assets measured at amortized cost			
Loans - Security Deposits	Level 2	1,716	1,713
Other Financial Assets	Level 2	14,230	31,700
Total		15,946	33,413

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

(All amounts in ₹ Lakhs, unless otherwise stated)

(c) Financial Liabilities measured at amortized cost

	Level	31st March 2020	31st March 2019
Non-current Borrowings	Level 2	18,750	20,563
Current Borrowings	Level 2	4,722	5,087
Other Financial Liabilities	Level 2	9,982	5,260
Total		33,454	30,910

The fair values disclosed in level 2 category are calculated using discounted cash flow method. These fair values reasonably approximate to the carrying values of financial assets and liabilities measured at amortized cost.

During the year ended 31st March 2020, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurement.

38. FINANCIAL RISK MANAGEMENT
Financial Risk Management Policy and Objectives

The Company's principal financial liabilities comprise of Borrowings, Trade and Other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Trade and Other receivables, Cash and Cash equivalents and Deposits, which are derived directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The management of these risks is overseen by the senior management which is advised by a team of senior officials. The Risk Management team oversees the policies and systems, on a regular basis to reflect changes in market conditions and Company's activities and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Board of Directors reviews and agrees policies for managing each of these risks summarized below

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and Cash equivalents, Trade Receivables, Financial Assets measured at amortized cost	Aging analysis Credit ratings [Refer Note 38 (a)]	Diversification of Deposits, Credit Limits and Letters of Credit, Sales on cash basis
Liquidity risk	Borrowings and Other Financial Liabilities	Cash flow forecasts [Refer Note 38 (b)]	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognized Financial Assets and Liabilities not denominated in Indian Rupee	Cash flow forecasting Sensitivity analysis (Refer Note 39)	Company's net forex exposure is covered by natural hedge
Market risk - interest rate	Loans and advances on Cash Credit Account and Term Loan from Bank	Cash flow forecasting & Sensitivity analysis	Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements
	As the borrowings were at fixed rate of interest, the Company is not exposed to interest rate risk.		
Market risk - equity prices	Investments in Equity Securities	Sensitivity analysis [Refer Note 38 (c)]	Portfolio diversification
Commodity risk	Procurement of steel and other metals	Budgeted consumption & its impact on finished product	A well controlled review process is in place for analyzing the price trend and market intelligence and accordingly the procurement strategy is adopted. The overall exposure is not material.

(a) Credit Risk

The table summarises aging of Trade Receivable

	Not due	Less than 6 Months	More than 6 Months	Total
As at 31st March 2020				
Gross Carrying Amount	9,630	6,689	593	16,912
Allowance for doubtful debts	--	--	(40)	(40)
Net	9,630	6,689	553	16,872
As at 31st March 2019				
Gross Carrying Amount	12,502	3,771	419	16,692
Allowance for doubtful debts	--	--	(40)	(40)
Net	12,502	3,771	379	16,652

The Cash and Cash equivalents are held with Banks and financial institutions counter-parties with an external rating of "AAA". Thus, the Company considers that its Cash and Cash equivalents have low credit risks.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

(b) Liquidity Risk

The table summarises the maturity profile of Company's financial liabilities based on contractual un-discounted payments.

As at 31st March 2020					
	Carrying amount	On Demand	Less than 6 months	More than 6 months	Total
Interest bearing borrowings	30,972	4,722	3,750	22,500	30,972
Other Financial Liabilities	2,482	243	1,970	269	2,482
Trade and Other Payables	58,031	--	58,031	--	58,031

As at 31st March 2019					
	Carrying amount	On Demand	Less than 6 months	More than 6 months	Total
Interest bearing borrowings	28,587	5,087	--	23,500	28,587
Other Financial Liabilities	2,323	227	1,854	242	2,323
Trade and Other Payables	39,530	--	39,530	--	39,530

(c) Market Risk : Equity Price Risk

At the reporting date, the exposure to unquoted equity securities at fair value was ₹ 5 Lakhs.

At the reporting date, the exposure to quoted equity securities at fair value was ₹ 1,124 Lakhs. A decrease / increase of 15% on the Bank Nifty market index could have an impact of approximately ₹ 151 Lakhs on the OCI or equity attributable to the Company.

These changes would not have an effect on profit or loss.

39. FOREIGN CURRENCY SENSITIVITY ANALYSIS

Currency	Net exposure in foreign currency		Net exposure in INR	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
USD	(11,15,815)	(2,19,718)	(837)	(151)
EUR	49,29,705	1,04,59,191	4,154	8,229
JPY	15,36,03,480	25,53,480	1,084	16
GBP	2,675	--	3	--

Currency	Sensitivity %	Impact on profit (strengthening)*		Impact on profit (weakening)*	
		As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
USD	5%	42	8	(42)	(8)
EUR	5%	(208)	(411)	208	411
JPY	5%	(54)	(1)	54	1
GBP	5%	--	--	--	--
		(220)	(404)	220	404

(* Strengthening / weakening of foreign currency)

40. CAPITAL MANAGEMENT

The Company's capital includes issued Equity Capital, Share Premium and Free Reserves.

The Company's policy is to meet the financial covenants attached to the interest-bearing borrowings by maintaining a strong capital base. The Company aims to sustain investor, creditor and market confidence so as to leverage such confidence for future capital/debt requirements.

Management monitors the return on capital earned, the capital / debt requirements for various business plans under consideration and determines the level of dividends to equity shareholders.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

No changes were made in the objectives, policies or processes for managing capital during the financial years ended on 31st March 2020 and 31st March 2019.

Particulars	As at 31st March 2020	As at 31st March 2019
Total Shareholder's Equity as reported in Balance Sheet	1,97,571	1,93,487
Net Debt :		
Short-term debt	4,722	5,087
Long-term debt (including current portion of long term debt)	26,250	23,500
Gross Debt :	30,972	28,587
Less : Cash and Bank Balances	6,627	320
Net Debt / (Net Cash and Bank balances)	24,345	28,267

41. DIVIDEND

The Board of Directors has recommended payment of Dividend of ₹ 10/- per fully paid Equity Shares (31st March 2019 : ₹ 10/-). This proposed dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting. This dividend is not recognized in the books of account at the end of the reporting period.

42. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

All amounts which became due, for transfer to the credit of Investor Education and Protection Fund, as of 31st March 2020, have been transferred to that fund, except a sum of ₹ 0.60 Lakh (31st March 2019 : ₹ 0.60 Lakh) being amount of 5 Nos. (31st March 2019 : 5 Nos.) fixed deposits and interest thereon amounting to ₹ 0.25 Lakh (31st March 2019 : ₹ 0.25 Lakh). In view of the directives received from the Government Authorities, these amounts are not transferred to the Fund, being involved in an investigation.

43. The Company has spent ₹ 420 Lakhs (31st March 2019 : ₹ 460 Lakhs) towards Corporate Social Responsibility (CSR), which is shown in "Other Expenses" [Note No.27 (I)] to the Notes to Financial Statements.

(a) Gross amount required to be spent by the Company during the year ₹ 419 Lakhs.

(b) Amount spent during the year on :

Description	In Cash	Yet to be paid in Cash	Total
Promotion of Education	420	--	420
Total	420	--	420

44. An exceptional item represents the reversal of accruals towards incentive receivable, under the Madhya Pradesh Industrial Investment Promotion Assistance Scheme, 2010, as were made during the previous years.

However, after the implementation of the GST regime, in the absence of clear guidelines from the State Authorities in the subject matter, as a precautionary measure, the Company has reversed the accruals made during the earlier years.

The Company proposes to take up the matter with the State Authorities. Appropriate accounting treatment will be given, for actual receipts, if any, in future.

45. The outbreak of COVID-19 pandemic, has already had a very adverse effect on the operations of the Company. It has severely impacted the revenue and profitability, already during the last quarter of the year ended on 31st March 2020.

The impact of COVID-19 is expected to be continued for several quarters. The assessment will have to be a continuing process, given the uncertainties associated with its nature and duration.

The management of the Company will closely monitor the unfolding developments, and implement appropriate counter measures to shore up operations. Based on own information, and market intelligence, will arrive at its estimates of total impact, from time to time.

46. The Company is operating in a Single Segment.

47. Previous year's figures have been re-grouped, re-arranged and re-classified wherever necessary.

As per our separate report of even date.

On behalf of the Board of Directors

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

Sanjay Kumar Bohra
Chief Financial Officer

Prasan Firodia
Managing Director

Suhas Deshpande
Partner
Membership No. 031787

Kishore P. Shah
Company Secretary

Prashant V. Inamdar
Executive Director

Place : Pune
Date : 29th June 2020

Place : Pune
Date : 29th June 2020



(All amounts in ₹ Lakhs, unless otherwise stated)

Form AOC - 1

Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014

Statement containing salient features of the Financial Statement of Subsidiaries / Associate Companies / Joint Ventures

Part "A" : SUBSIDIARIES

1.	Sr. No.	1
2.	Name of the subsidiary	Tempo Finance (West) Private Limited
3.	The date since when subsidiary was acquired	14th August 2012
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Same as per the Holding Company's reporting period
5.	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	N. A.
6.	Share Capital	133
7.	Reserves and Surplus	406
8.	Total Assets	540
9.	Total Liabilities	540
10.	Investments	--
11.	Turnover (Total Revenue)	39
12.	Profit Before Taxation	38
13.	Provision for taxation	10
14.	Profit After Taxation	28
15.	Proposed Dividend	--
16.	% of shareholding	66.43%

1.	Names of subsidiaries which are yet to commence operations	N. A.
2.	Names of subsidiaries which have been liquidated or sold during the year	N. A.

(All amounts in ₹ Lakhs, unless otherwise stated)

Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Name of Joint Venture	Force MTU Power Systems Private Limited
1.	Latest Audited Balance Sheet date	31st March 2020
2.	Shares of Joint Venture held by the Company on the year end	
	(a) No.	7,96,62,000 Equity Shares of ₹ 10/- each
	(b) Amount of Investment in Joint Venture	7,966
	(c) Extend of Holding %	51 %
3.	Description of how there is significant influence	There is a significant influence by virtue of joint control
4.	Reason why the Joint Venture is not consolidated	N. A.
5.	Net worth attributable to Shareholding as per latest Audited Balance Sheet	6,660
6.	Profit / (Loss) for the year	(1,609)
	(a) Considered in Consolidation	(821)
	(b) Not considered in Consolidation	N. A.
1.	Names of Associates or Joint Ventures which are yet to commence operations	N. A.
2.	Names of Associates or Joint Ventures which have been liquidated or sold during the year	N. A.

As per our separate report of even date.

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

Suhas Deshpande
Partner
Membership No. 031787

Place : Pune
Date : 29th June 2020

Sanjay Kumar Bohra
Chief Financial Officer

Kishore P. Shah
Company Secretary

On behalf of the Board of Directors

Prasan Firodia
Managing Director

Prashant V. Inamdar
Executive Director

Place : Pune
Date : 29th June 2020



INDEPENDENT AUDITOR’S REPORT

To the Members of Force Motors Limited

Report on the audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Force Motors Limited (hereinafter referred to as the “**Holding Company**”) and its subsidiary (Holding Company and its subsidiary together referred to as “**the Group**”), and a jointly controlled entity, which comprise the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “**the consolidated financial statements**”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (“**the Act**”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“**Ind AS**”) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2020, the consolidated profit and total comprehensive income, changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
1.	<p>Contingent Liability</p> <p>The Company has litigations of duties and taxes that are pending with various tax authorities. Whether a liability is recognized or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on assumptions and assessments. We placed specific focus on the judgements in respect to these demands against the Company. Determining the amount, if any, to be recognized or disclosed in the financial statements, is inherently subjective. Therefore, it is considered to be a key audit matter.</p> <p>(Refer Note 31 (a) to consolidated financial statements)</p>	<p>Our procedures included, but were not limited to, the following :</p> <ul style="list-style-type: none"> • Obtained an understanding from the management with respect to process and controls followed by the Company for identification and monitoring of significant developments in relation to the litigations, including completeness thereof. • Obtained the list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations. • Assessed management’s discussions held with their legal consultants and understanding precedents in similar cases; • Our own teams of tax experts assessed and validated the adequacy and appropriateness of the disclosures made by the management in the financial statements.
2.	<p>Intangible assets</p> <p>Product development costs incurred on new vehicle platforms; engines are recognised as intangible assets only when technical feasibility has been established. The costs capitalised during the year include technical know-how expenses, materials, direct labour, inspecting and testing charges, designing and other direct expenses incurred on respective projects, up to the date the intangible asset is capitalised. The</p>	<p>Our audit approach consisted evaluation of design and implementation of controls, and testing the operating effectiveness around initiation of capitalisation of the product development cost including management’s validation of relevant data elements and benchmarking the assumptions;</p> <p>The audit procedures included :</p> <ul style="list-style-type: none"> • Obtained the list of approved project wise details and verify the completeness and accuracy of cost data with respect to various system generated reports.



Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
	<p>capitalisation of product development cost is considered to be a key audit matter given that the assessment of the capitalisation criteria set out in Ind AS 38 - Intangible Assets is made at an early stage of product development and there are inherent challenges with accurately predicting the future economic benefit, which must be assessed as probable for capitalisation to commence.</p> <p>(Refer Note 2{g} and Note 5 of the consolidated financial statements)</p>	<ul style="list-style-type: none"> Inspected the respective approvals for initiation of capitalisation including government approvals (DSIR) where applicable; Reviewed the cost allocation for the year and determined that costs capitalised are directly attributable. Tested on sample basis costs incurred towards projects i.e. in respect of manpower cost, we verified hours booked on respective projects, hourly rates for respective persons and sample vouchers / invoices for directly attributable expenses. We reviewed judgments used by the Management for expected probable economic benefits and associated expenditures, and their assessment of feasibility of the projects, including appropriateness of past / present useful life applied in calculation of amortization. After carrying out above audit procedures, we did not notice any non-compliance with respect to capitalisation criteria under IND AS 38 - Intangible Assets

Information other than the Consolidated Financial Statements and Auditor’s Report thereon

The Holding Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Corporate Governance and Business Responsibility Report, but does not include the financial statements and our auditor’s report thereon. Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Corporate Governance and Business Responsibility Report is expected to be made available to us after the date of this auditor’s report.

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

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

Management’s Responsibility for the Consolidated Financial Statements

The Holding Company’s Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and joint venture are responsible for assessing the ability of Group and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for overseeing the financial reporting process of the Group and a joint venture.

Auditor’s Responsibilities for the Audit of the consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

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

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

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

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

Other Matters

We did not audit the financial statements and other financial information, in respect of a subsidiary, whose financial statements include total assets (net) of ₹ 539 Lakhs as at March 31, 2020, and total revenue of ₹ 39 Lakhs and net cash inflows amounting to ₹ 23 lakhs for the year ended on that date respectively, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors which have been furnished to us by the management. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 821 lakhs for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of a joint venture. These financial statements and other financial information have been audited by other auditors which have been furnished to us by the management. Our opinion, in so far as it relates to the affairs of such subsidiary and joint Venture is based solely on the report of other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statement and the other financial information of subsidiary company and joint venture incorporated in India, referred in the Other Matters paragraph above we report, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- (e) On the basis of the written representations received from the directors of the holding Company as on March 31, 2020 taken on record by the Board of Directors of the holding Company and the reports of the statutory auditors of its subsidiary company and joint venture company incorporated in India, none of the directors of the Group and joint venture companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”. which is based on auditors’ reports of the Company, subsidiary company and joint venture incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the Holding Company and subsidiary company incorporated in India.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group - Refer Note 31 (a) to the consolidated financial statements
 - (ii) The Group did not have any material long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary and joint venture incorporated in India. - Refer Note 43 to consolidated financial statements.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm’s Registration Number : 105215W/W100057

Place : Pune
Date : 29th June 2020

Suhas Deshpande
Partner
Membership Number 031787
UDIN : 20031787AAAAAX3444



ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Force Motors Limited (hereinafter referred to as “Company”) and its Subsidiary Company and Joint Venture, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a

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

Limitations of Internal Financial Controls Over Financial Reporting with reference to these consolidated financial statements

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, Holding Company, its subsidiary company and a joint venture, which are companies incorporated in India has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as subsidiary company and joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and joint venture incorporated in India.

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

Place : Pune
Date : 29th June 2020

Suhas Deshpande
Partner
Membership No. 031787
UDIN : 20031787AAAAAX3444



Consolidated Balance Sheet as at 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
I ASSETS			
(1) Non-current Assets			
(a) Property, Plant and Equipment	3	1,16,073	1,08,052
(b) Capital Work-in-progress	3	17,484	13,265
(c) Investment Property	4	554	578
(d) Goodwill		1	1
(e) Other Intangible Assets	5	23,389	12,953
(f) Intangible Assets under development	5	27,023	23,915
(g) Financial Assets			
(i) Investments	6	7,788	2,314
(ii) Loans and Advances	7	1,535	1,516
(h) Deferred Tax Assets (Net)	8	707	--
(i) Other Non-current Assets	9	12,537	11,868
Total Non-current Assets		2,07,091	1,74,462
(2) Current Assets			
(a) Inventories	10	55,152	50,356
(b) Financial Assets			
(i) Trade Receivables	11	16,872	16,652
(ii) Cash and Cash equivalents	12	6,640	428
(iii) Bank balance other than (ii) above	12	220	93
(iv) Loans and Advances	7	181	197
(v) Other Financial Assets	13	14,536	32,006
(c) Current Tax Assets (Net)	8	1,032	308
(d) Other Current Assets	9	8,075	9,096
Total Current Assets		1,02,708	1,09,136
Total Assets		3,09,799	2,83,598
II EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	14	1,318	1,318
(b) Other Equity	15	1,95,216	1,92,003
(c) Equity attributable to owners of the Company		1,96,534	1,93,321
(d) Non-controlling Interest	21	181	172
Total Equity		1,96,715	1,93,493
(2) Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
Borrowings	16	18,750	20,563
(b) Provisions	18	3,049	3,083
(c) Deferred Tax Liabilities (Net)	8	--	989
(d) Other Non-current Liabilities	20	173	157
Total Non-current Liabilities		21,972	24,792
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	4,722	5,087
(ii) Trade Payables	19		
- Total outstanding dues of Micro and Small enterprises		40	71
- Total outstanding dues other than Micro and Small enterprises		57,991	39,459
(iii) Other Financial Liabilities	17	9,983	5,262
(b) Other Current Liabilities	20	16,617	13,247
(c) Provisions	18	1,759	2,187
Total Current Liabilities		91,112	65,313
Total Liabilities		1,13,084	90,105
Total Equity and Liabilities		3,09,799	2,83,598

See accompanying notes forming part of the Consolidated Financial Statements 1-50

As per our separate report of even date.

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

Sanjay Kumar Bohra
Chief Financial Officer

Suhas Deshpande
Partner
Membership No. 031787

Kishore P. Shah
Company Secretary

Place : Pune
Date : 29th June 2020

On behalf of the Board of Directors

Prasan Firodia
Managing Director

Prashant V. Inamdar
Executive Director

Place : Pune
Date : 29th June 2020



Consolidated Statement of Profit and Loss for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	For the year ended 31st March 2020	For the year ended 31st March 2019
I INCOME			
(a) Revenue from Operations	22	3,08,052	3,65,245
(b) Other Income	23	4,277	8,162
Total Income		3,12,329	3,73,407
II EXPENSES			
(a) Cost of Materials consumed		2,14,014	2,81,471
(b) Changes in Inventories of Finished Goods and Work-in-progress	24	8,265	(3,425)
(c) Employee benefits expense	25	40,658	40,536
(d) Finance costs	26	2,785	1,533
(e) Depreciation and Amortization expense	27	19,452	15,092
(f) Other expenses	28	31,816	32,172
(g) Expenditure included in the above items capitalized		(13,589)	(13,387)
Total Expenses		3,03,401	3,53,992
III Profit before share of Profit / (Loss) of Joint Venture and exceptional items		8,928	19,415
IV Share of Profit / (Loss) of Joint Venture		(821)	(401)
V Profit before exceptional items and tax		8,107	19,014
VI Exceptional Items		(3,906)	--
VII Profit Before Tax		4,201	19,014
VIII Tax Expense	8		
(a) Current tax		907	4,208
(b) Deferred tax		(1,731)	488
(c) Taxation in respect of earlier years		(2)	(24)
Total Tax Expense		(826)	4,672
IX Profit for the year		5,027	14,342
X Attributable to			
(a) Owners of the Company		5,017	14,333
(b) Non-controlling interest	21	10	9
		5,027	14,342
XI Other Comprehensive Income			
(a) Items that will not be reclassified to Profit or Loss			
(i) Re-measurements of net defined benefit liability		155	112
(ii) Equity instrument through Other Comprehensive Income		(266)	424
(iii) Share of Other Comprehensive Income of Joint Venture		(1)	(2)
		(112)	534
(b) Income tax relating to items that will not be reclassified to Profit or Loss			
(i) Taxes on re-measurements of net defined benefit liability		(54)	(39)
(ii) Taxes on Equity instrument through Other Comprehensive Income		19	(19)
(iii) Share in taxes on Other Comprehensive Income of Joint Venture		--*	1
		(35)	(57)
Total Other Comprehensive Income		(147)	477
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		4,880	14,819
XII Attributable to			
(a) Owners of the Company		4,870	14,810
(b) Non-controlling interest	21	10	9
		4,880	14,819
XIII Basic and Diluted Earnings Per Equity Share [Nominal value per share ₹ 10] ₹	29	38.08	108.85

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

See accompanying notes forming part of the Consolidated Financial Statements

As per our separate report of even date.

On behalf of the Board of Directors

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

Sanjay Kumar Bohra
Chief Financial Officer

Prasan Firodia
Managing Director

Suhas Deshpande
Partner
Membership No. 031787

Kishore P. Shah
Company Secretary

Prashant V. Inamdar
Executive Director

Place : Pune
Date : 29th June 2020

Place : Pune
Date : 29th June 2020



Consolidated Statement of Changes in Equity for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

A. Equity Share Capital

Balance as at 1st April 2018	Changes in Equity Share Capital during the year	Balance as at 31st March 2019
1,318	--	1,318
Balance as at 1st April 2019	Changes in Equity Share Capital during the year	Balance as at 31st March 2020
1,318	--	1,318

B. Other Equity

Particulars	Reserves and Surplus			Equity Instruments through Other Comprehensive Income	Total	Non-controlling Interest
	Securities Premium	General Reserve	Retained Earnings			
Balance as at 1st April 2018	5,920	34,687	1,37,251	937	1,78,795	163
Profit for the year	--	--	14,333	--	14,333	9
Other Comprehensive Income (Net of tax)	--	--	73	405	478	--
Dividends (including dividend distribution tax)	--	--	(1,588)	--	(1,588)	--
Share in Cost of issue of shares of Joint Venture	--	--	(15)	--	(15)	--
Transfer to General Reserve	--	4	(4)	--	--	--
Balance as at 31st March 2019	5,920	34,691	1,50,050	1,342	1,92,003	172
Balance as at 1st April 2019	5,920	34,691	1,50,050	1,342	1,92,003	172
Profit for the year	--	--	5,017	--	5,017	10
Other Comprehensive Income (Net of tax)	--	--	100	(247)	(147)	--
Dividends (including dividend distribution tax)	--	--	(1,589)	--	(1,589)	--
Share in Cost of issue of shares of Joint Venture	--	--	(68)	--	(68)	--
Transfer to General Reserve	--	5	(5)	--	--	--
Balance as at 31st March 2020	5,920	34,696	1,53,505	1,095	1,95,216	182

As per our separate report of even date.

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

Suhas Deshpande
Partner
Membership No. 031787

Place : Pune
Date : 29th June 2020

Sanjay Kumar Bohra
Chief Financial Officer

Kishore P. Shah
Company Secretary

On behalf of the Board of Directors

Prasan Firodia
Managing Director

Prashant V. Inamdar
Executive Director

Place : Pune
Date : 29th June 2020



Consolidated Statement of Cash Flows for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
A. Cash flow from Operating Activities		
Profit before tax	4,201	19,014
Adjustments for		
Depreciation and Amortization expense	19,452	15,092
Net exchange differences (unrealised)	234	(284)
Interest Income	(2,195)	(2,061)
Dividend income on Equity Securities	(4)	(5)
Loss / (Gain) on disposal of Property, Plant and Equipment	(9)	177
Finance Costs	2,785	1,533
Inventory write down	190	203
Share of (Profit) / Loss in Joint Venture	821	401
Operating Profit before Working Capital adjustments	25,475	34,070
Working Capital adjustments (Increase) / Decrease in		
Trade Receivables	(191)	7,530
Inventories	(4,987)	(2,848)
Other Financial Assets	(127)	417
Other Non-financial Assets	1,098	6,719
Trade Payables	18,233	(16,661)
Financial Liabilities	(27)	(502)
Non-financial Liabilities	3,385	7,196
Provisions	(306)	207
Cash generated from Operations	42,553	36,128
Income Tax paid (Net)	(1,634)	(4,725)
Net cash flow from / (used in) Operating Activities	40,919	31,403
B. Cash flow from Investing Activities		
Payments for Property, Plant and Equipment and Intangible Assets	(45,842)	(49,811)
Proceeds from sale of Property, Plant and Equipment and Intangible Assets	64	93
Deposits with Financial Institution	17,500	(11,000)
Interest received	2,165	1,491
Investments in Joint Venture	(6,630)	(1,336)
Dividends received	4	5
Net Cash flow from / (used in) Investing Activities	(32,739)	(60,558)
C. Cash flow from Financing Activities		
Proceeds from / (Repayment of) borrowings	2,385	28,578
Interest paid	(2,769)	(1,364)
Dividends paid (including Dividend distribution Tax)	(1,589)	(1,588)
Net Cash flow from / (used in) Financing Activities	(1,973)	25,626
Net increase / (decrease) in Cash and Cash equivalents	6,207	(3,529)
Cash and Cash equivalents at beginning of the financial year	429	3,958
Cash and Cash equivalents at end of the financial year	6,636	429
Cash and Cash equivalents as per Note 12	6,640	428
Effects of exchange rate fluctuations on Cash and Cash equivalents held	(4)	1
	6,636	429

As per our separate report of even date.

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

Suhas Deshpande
Partner
Membership No. 031787

Place : Pune
Date : 29th June 2020

Sanjay Kumar Bohra
Chief Financial Officer

Kishore P. Shah
Company Secretary

On behalf of the Board of Directors

Prasan Firodia
Managing Director

Prashant V. Inamdar
Executive Director

Place : Pune
Date : 29th June 2020

Notes to Consolidated Financial Statements for the year ended 31st March 2020

1. GROUP INFORMATION

Holding Company

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

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

Subsidiary Company

Tempo Finance (West) Private Limited, a Subsidiary Company of Force Motors Limited, is domiciled and incorporated in India, having its Registered Office at Mumbai-Pune Road, Akurdi, Pune - 411035. The Company is engaged in providing financial services.

Joint Venture Company

Force MTU Power Systems Private Limited (FMTU), is a Private Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. It is a joint venture between Force Motors Limited and MTU Friedrichshafen GmbH. The Company is in the business of manufacturing Engines & Generator sets.

The Holding Company, the Subsidiary Company and the Joint Venture Company together referred to as the Group.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

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

(b) Basis of Preparation

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

(c) Basis of Consolidation :

The consolidated financial statements incorporate the financial statements of the Company, its subsidiary and Joint Venture, being the entities that it controls. Control is evidenced where the Group has power over the investee or is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to effect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns.

The consolidated financial statements include results of the subsidiary company, consolidated in accordance with Ind AS 110 (Consolidated Financial Statements) and Ind AS 28 (Investment in Associates and Joint Ventures).

Joint Venture :

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The results, assets and liabilities of a joint venture are incorporated in these financial statements using the equity method of accounting.

(d) Revenue Recognition

(i) Sales

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

(ii) Other Incomes

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

(e) Inventories

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

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

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

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

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

(f) Property, Plant and Equipment

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

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

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

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

(g) Intangible Assets

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

**Notes to Consolidated Financial Statements for the year ended 31st March 2020****Intangible Assets internally generated**

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

(h) Investment Property

Investment property is measured at cost less accumulated depreciation.

(i) Impairment of Assets

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

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

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

(ii) Intangible Assets

- Software and their implementation costs are written off over the period of 5 years.
- Technical Know-how acquired and internally generated is amortized over the useful life of the assets, not exceeding 10 years.

(k) Borrowing Costs

Cost of borrowings incurred for acquisition, construction or production of qualifying asset is capitalized.

(l) Research and Development Expenses

Revenue expenditure on Research and Development is charged off as an expense in the year in which it is incurred and capital expenditure is grouped with Assets under appropriate heads and depreciation is provided as per rates applicable.

(m) Leases

The Group has applied Ind AS 116 - Leases from the accounting periods beginning from 1st April 2019 using the modified retrospective approach.

(i) Where the Group is the Lessee

- The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
- The right-of-use asset is subsequently depreciated using the straight-line method over the useful life of the right-of-use asset or the end of the lease term.

Short-term leases and leases of low-value assets

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

(ii) Where the Group is the Lessor

Lease rentals are recognized in the Statement of Profit and Loss. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss.

(n) Earnings per Share

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the period.

(o) Foreign currency transactions**Transactions and balances**

- Foreign Currency transactions are recorded at the rate of exchange on the date of the transaction.
- Monetary items of Assets and Liabilities booked in foreign currency are translated in to rupee at the exchange rate prevailing at the Balance Sheet date.
- Exchange difference resulting from settlement of such transaction and from translation of monetary items of Assets and Liabilities are recognized in the Statement of Profit and Loss.
- Exchange difference arising on translation of foreign currency liabilities for acquisition of Property, Plant and Equipments are adjusted to the Statement of Profit and Loss.
- The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance.

(p) Functional and presentation currency

These financial statements are presented in Indian Rupees, which is the Group's functional currency. All amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs, unless otherwise stated.

(q) Employee Benefits**Defined benefit plans**

- The accruing liability of Gratuity is covered by Employees Group Gratuity Scheme of Life Insurance Corporation of India (LIC) and the premium is accounted for in the year of accrual. The additional liability, if any, due to deficit in the Plan assets managed by LIC as compared to the present value of accrued liability on the basis of actuarial valuation, is recognized and provided for.
- Provident fund contributions are made to Group's Provident Fund Trust. The contributions are accounted for as defined benefit plans and are recognized as employee benefits expense when they are due. Deficits, if any, of the fund as compared to liability on the basis of an independent actuarial valuation is to be additionally contributed by the Group.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

- (iii) Current service cost and net interest on defined benefit obligation are directly recognized in the Statement of Profit and Loss.
- (iv) Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Defined contribution plans

- (i) The Group's superannuation scheme is a defined contribution plan. The contributions are recognized as employee benefit expenses when they are due.
- (ii) Benefits in respect of compensated absence payable after 12 months are provided for, based on valuation, as at the Balance Sheet date, made by independent actuaries.
- (iii) Defined contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority and recognized as expense as and when due.

(r) Hire Purchase

The Group has followed Equated Balance Method for the implicit rate for accounting the income from Hire Purchase. Directions and guidelines issued by the Reserve Bank of India in respect of income recognition, asset classification and provision for bad and doubtful debts have been followed.

(s) Taxation

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

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

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

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

(t) Provisions and Contingent Liabilities

(i) Provision

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

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

(ii) Contingent Liability

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

(u) Incentives

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

(v) Financial instruments

Equity investments at fair value through other comprehensive income

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

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

(w) Fair value measurement

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

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

(x) Use of estimates & judgements

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

- (i) Estimation of defined benefit obligation - refer Note 37.
- (ii) Estimation of provision for warranty claims - refer Note 18.
- (iii) Estimated useful life of property, plant and equipments - refer Note 2 (j) (i) above.
- (iv) Estimated useful life of intangible assets - refer Note 2(j) (ii) above.
- (v) Estimation of provision for Tax expenses - refer 2 (s) above.

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

(y) Recent accounting pronouncements

New Accounting pronouncements affecting amounts reported and / or disclosures in the financial statements.

The Ministry of Corporate Affairs (MCA) has not issued any new standards nor amended any existing standards which are effective for reporting periods beginning on or after 1st April 2020.


Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

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

Particulars	Land		Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Aircrafts	Total	Capital Work-in-Progress
	Freehold	Leasehold								
Gross carrying amount										
Balance as at 1st April 2019	868	2,472	31,096	1,77,340	1,944	4,006	1,115	17,990	2,36,831	13,265
Additions	--	81	629	21,621	160	1,264	144	--	23,899	11,403
Disposals / Adjustments	--	--	--	65	3	201	5	--	274	7,184
Balance as at 31st March 2020	868	2,553	31,725	1,98,896	2,101	5,069	1,254	17,990	2,60,456	17,484
Accumulated depreciation										
Balance as at 1st April 2019	--	91	8,737	1,11,365	984	2,176	750	4,676	1,28,779	
Depreciation for the year	--	32	1,168	13,083	146	412	134	848	15,823	
Disposals / Adjustments	--	--	--	64	2	150	3	--	219	
Balance as at 31st March 2020	--	123	9,905	1,24,384	1,128	2,438	881	5,524	1,44,383	
Carrying amounts (Net)										
As at 31st March 2020	868	2,430	21,820	74,512	973	2,631	373	12,466	1,16,073	17,484
As at 31st March 2019	868	2,381	22,359	65,975	960	1,830	365	13,314	1,08,052	13,265

Notes :

- Refer to Note 35 for Lease.
- Refer to Note 31 (b) for disclosure of contractual commitments for the acquisition of Property, Plant & Equipment.
- Capital Work-in-progress mainly comprises Plant & Equipment.



Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

4. INVESTMENT PROPERTY

Particulars	Industrial Shed
Gross carrying amount	
Balance as at 1st April 2019	794
Additions	--
Disposals / Adjustments	--
Balance as at 31st March 2020	794
Accumulated depreciation	
Balance as at 1st April 2019	216
Depreciation for the year	24
Disposals / Adjustments	--
Balance as at 31st March 2020	240
Carrying amounts (Net)	
As at 31st March 2020	554
As at 31st March 2019	578

Information regarding income and expenditure of Investment Property :

Particulars	As at 31st March 2020	As at 31st March 2019
Rental income derived from investment property	--	524
Compensation on foreclosure of Lease Deed	--	741
Direct operating expenses (including repairs and maintenance) generating rental income	--*	--*
Direct operating expenses (including repairs and maintenance) that did not generate rental income	--	--
Income arising from investment property before depreciation and indirect expenses	--*	1,265
Less : Depreciation	24	25
Income from investment property	(24)	1,240

Leasing arrangements

The Group's investment property consists of industrial property situated at Chakan, Pune. Refer Note 35 (i).

Fair Value

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

Particulars	As at 31st March 2020	As at 31st March 2019
Industrial Property	2,902	2,817

Reconciliation of fair value

Particulars	Industrial Property
Balance as at 1st April 2019	2,817
Change in fair value	85
Balance as at 31st March 2020	2,902

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



Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

5. INTANGIBLE ASSETS

Particulars	Software	Technical Know-how acquired	Technical Know-how acquired upto 1st April 2003	Technical Know-how internally generated	Total	Intangible Assets under development
Gross carrying amount						
Balance as at 1st April 2019	4,786	5,324	822	13,141	24,073	23,915
Additions	67	665	--	13,309	14,041	11,198
Disposals / Adjustments	--	--	--	--	--	8,090
Balance as at 31st March 2020	4,853	5,989	822	26,450	38,114	27,023
Accumulated Amortization						
Balance as at 1st April 2019	3,106	3,834	822	3,358	11,120	
Amortization for the year	676	685	--	2,244	3,605	
Disposals / Adjustments	--	--	--	--	--	
Balance as at 31st March 2020	3,782	4,519	822	5,602	14,725	
Carrying amounts (Net)						
As at 31st March 2020	1,071	1,470	--	20,848	23,389	27,023
As at 31st March 2019	1,680	1,490	--	9,783	12,953	23,915

Note : Intangible Assets under development mainly comprises internally generated technical know-how.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

6. FINANCIAL ASSETS : INVESTMENTS (NON-CURRENT)

	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>
A. Investments at fair value through Other Comprehensive Income (FVTOCI)		
(a) Unquoted Equity Shares (fully paid)		
(i) 1 (31st March 2019 : 1) Equity Share of ₹ 10/-, fully paid in MAN Trucks & Bus India Pvt. Ltd.	--*	--*
(ii) 50,000 (31st March 2019 : 50,000) Equity Shares of ₹ 10/- each, fully paid in Pithampur Auto Cluster Ltd.	5	5
(iii) 5 (31st March 2019 : 5) Equity Shares of ₹ 50/- each, fully paid in Mittal Tower Premises Co-operative Society Ltd.	--*	--*
(b) Quoted Equity Shares (fully paid)		
3,47,187 (31st March 2019 : 3,47,187) Equity Shares of ₹ 2/- each, fully paid in ICICI Bank Ltd.	1,124	1,390
Total FVTOCI Investments	<u>1,129</u>	<u>1,395</u>
B. Investment at Cost		
Unquoted Equity Shares (fully paid)		
In Joint Venture		
7,96,62,000 (31st March 2019 : 1,33,62,000) Equity Shares of ₹ 10/- each, fully paid in Force MTU Power Systems Pvt. Ltd. (Refer Note 48)	6,659	919
Total Investments	<u>7,788</u>	<u>2,314</u>
Aggregate book value of quoted investments	1,124	1,390
Aggregate market value of quoted investments	1,124	1,390
Aggregate value of unquoted investments	6,664	924
Aggregate amount of impairment in the value of investments	--	--

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

For determination of fair values of quoted equity investments, the investments classified as FVTOCI. Refer Note 38.

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



Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

7. FINANCIAL ASSETS : LOANS AND ADVANCES

	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>
Non-current		
(a) Security Deposits		
(i) Considered Good - Unsecured	1,534	1,513
(ii) Which have significant increase in Credit Risk (Doubtful)	--	--
(b) Other Loans and Advances		
(i) Considered Good - Unsecured	1	3
(ii) Which have significant increase in Credit Risk (Doubtful)	--	--
	<u>1</u>	<u>3</u>
Less : Allowances for expected credit losses	--	--
	<u>1</u>	<u>3</u>
Total Non-current Loans and Advances	<u>1,535</u>	<u>1,516</u>
Current		
(a) Security Deposits		
Considered Good - Unsecured	45	45
(b) Other Loans and Advances		
(i) Considered Good - Unsecured	136	152
(ii) Credit impaired (Doubtful)	--	--
	<u>181</u>	<u>197</u>
Total Current Loans and Advances	<u>181</u>	<u>197</u>
Total Loans and Advances	<u>1,716</u>	<u>1,713</u>

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

8. CURRENT AND DEFERRED TAX

	As at 31st March 2020	As at 31st March 2019
A. Statement of Profit or Loss		
(a) Current Tax		
(i) Current Income Tax charge	907	4,208
(ii) Taxation in respect of earlier years	(2)	(24)
(b) Deferred Tax		
Relating to origination and reversal of temporary differences	(1,731)	488
Income Tax expense reported in the Statement of Profit and Loss	(826)	4,672
(c) Other Comprehensive Income (OCI)		
Deferred tax related to items recognized in OCI during the year		
(i) Re-measurements on defined benefit plan	(54)	(39)
(ii) Quoted Equity Instruments	19	(19)
Income Tax recognized in OCI	(35)	(58)
	As at 31st March 2020	As at 31st March 2019
B. Balance Sheet		
(a) Current Tax Assets		
Advance Income Tax	1,032	308
Total Current Tax Assets (Net)	1,032	308
(b) Current Tax Liabilities		
Provision for Income Tax	--	--
Total Current Tax Liabilities (Net)	--	--
(c) Deferred Tax		
(i) Deferred Tax Assets (DTA)	27,256	19,908
(ii) Deferred Tax Liabilities (DTL)	(26,549)	(20,897)
Net Deferred Tax Assets / (Liabilities)	707	(989)

Reconciliation of tax expense and the accounting profit for the year ended 31st March 2020 and 31st March 2019 :

	As at 31st March 2020	As at 31st March 2019
Accounting Profit Before Tax	4,201	19,014
(a) Tax as per Income Tax Act	1,751	6,782
(b) Tax Expense		
(i) Current Tax	907	4,208
(ii) Deferred Tax	(1,731)	488
(iii) Taxation in respect of earlier years	(2)	(24)
Total Tax Expense	(826)	4,672
(c) Difference (a-b)	2,577	2,110
(d) Tax Reconciliation		
(i) Permanent Dis-allowances	(469)	(166)
(ii) Allowances and accelerated deductions	3,047	2,267
(iii) MAT credit	(3)	(15)
(iv) Taxation in respect of earlier years	2	24
Total	2,577	2,110

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

(All amounts in ₹ Lakhs, unless otherwise stated)

Deferred Tax Assets and Liabilities are as follows :

	Balance Sheet	
	As at 31st March 2020	As at 31st March 2019
Deferred Tax Assets / (Liabilities) in relation to		
Deferred Tax relates to the following : (DTL) / DTA		
(a) Property, Plant and Equipment	(26,545)	(20,873)
(b) Provision for doubtful advances	52	52
(c) Dis-allowance u/s 43B of the Income Tax Act	2,022	2,109
(d) Prepaid taxes claimed u/s 43B	(5)	(6)
(e) Carry forward Income tax loss	6,541	--
(f) MAT credit entitlement	18,640	17,746
(g) Quoted Equity Instrument through Other Comprehensive Income	--	(19)
(h) Unquoted Equity Instrument through Other Comprehensive Income	2	2
Net Deferred Tax Assets / (Liabilities)	707	(989)

Significant components of net Deferred Tax Assets and Liabilities for the year ended 31st March 2020 are as follows :

Movement in temporary differences	As at 1st April 2019	Recognized in Profit or Loss during 2019-20	Recognized in Other Comprehensive Income during 2019-20	As at 31st March 2020
Property, Plant and Equipment	(20,873)	(5,672)	--	(26,545)
Provision for doubtful advances	52	--	--	52
Dis-allowance u/s 43B of the Income Tax Act	2,109	(33)	(54)	2,022
Prepaid taxes claimed u/s 43B	(6)	1	--	(5)
Carry forward Income tax loss	--	6,541	--	6,541
MAT credit entitlement	17,746	894	--	18,640
Quoted Equity Instrument through Other Comprehensive Income	(19)	--	19	--
Unquoted Equity Instrument through Other Comprehensive Income	2	--	--	2
	(989)	1,731	(35)	707

The deferred tax liability on taxable temporary difference relating to investment in subsidiary is not provided since the Group is able to control the timing of the reversal of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. The deferred tax liability of ₹94 Lakhs (31st March 2019 : ₹87 Lakhs) has not been recognized.



Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

9. OTHER ASSETS

	As at 31st March 2020	As at 31st March 2019
Non-current		
(a) Capital Advances		
Considered Good - Unsecured	12,537	11,791
(b) Prepaid Lease rentals	--	77
Total Non-current Other Assets	12,537	11,868
Current		
(a) Advances recoverable in cash or kind (includes Govt. Incentives, Taxes, etc.)		
(i) Considered Good - Unsecured	8,075	9,092
(ii) Doubtful	108	108
	8,183	9,200
Less : Provision for doubtful advances	108	108
	8,075	9,092
(b) Prepaid Lease rentals	--	4
Total Current Other Assets	8,075	9,096
Total Other Assets	20,612	20,964

10. INVENTORIES (CURRENT)

	As at 31st March 2020	As at 31st March 2019
(a) Raw Materials and Components*	36,922	23,948
(b) Finished goods	9,527	17,008
(c) Work-in-progress	5,722	6,506
(d) Stores and spares	2,981	2,894
* [Include Goods in transit : ₹ 14,093 Lakhs (31st March 2019 : ₹ 3,902 Lakhs)]		
Total Inventories	55,152	50,356

The write-down of inventories to net realisable value during the year amounted to ₹ 190 Lakhs (31st March 2019 : ₹ 203 Lakhs). The write-down are included in the cost of material consumed or changes in inventories of finished goods and work-in-progress.

11. TRADE RECEIVABLES (CURRENT)

	As at 31st March 2020	As at 31st March 2019
(a) Considered Good - Unsecured	16,872	16,652
(b) Which have significant increase in Credit Risk (Doubtful)	40	40
	16,912	16,692
Less : Provision for Doubtful Receivables	40	40
Total Trade Receivables	16,872	16,652

Trade Receivables are not credit impaired.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

12. CASH AND CASH EQUIVALENTS (CURRENT)

	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>
(a) Cash and Cash equivalents		
(i) Balances with Banks	6,397	192
(ii) Short term deposits with Banks - maturity less than three months	230	200
(iii) Cheques / Drafts on hand	6	33
(iv) Cash on hand	7	3
	6,640	428
(b) Other Bank balances		
(i) Unpaid Dividend Accounts	56	55
(ii) Margin money and Security deposit	164	38
	220	93
Total Cash and Cash equivalents	6,860	521

13. OTHER FINANCIAL ASSETS (CURRENT)

	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>
(a) Interest accrued on deposits	736	706
(b) Corporate deposits	13,800	31,300
Total Other Financial Assets	14,536	32,006

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

14. EQUITY SHARE CAPITAL

	As at 31st March 2020	As at 31st March 2019
Authorised		
2,00,00,000 (31st March 2019 : 2,00,00,000) Equity Shares of ₹ 10/- each	2,000	2,000
Issued		
1,32,13,802 (31st March 2019 : 1,32,13,802) Equity Shares of ₹ 10/- each	1,321	1,321
Subscribed and Paid-up		
1,31,76,262 (31st March 2019 : 1,31,76,262) Equity Shares of ₹ 10/- each fully paid up	1,318	1,318
<p>[of the above 2,00,918 (31st March 2019 : 2,00,918) Equity Shares are allotted as fully paid shares pursuant to a contract without payment being received in cash and 57,29,934 (31st March 2019 : 57,29,934) Equity Shares are allotted as fully paid Bonus Shares by capitalisation of reserves]</p> <p>[These allotments were made before earlier financial year and not in the period of five years preceding 31st March 2020 or 31st March 2019].</p>		
Add: Amount paid for Forfeited shares	--*	--*
Total Equity Share Capital	1,318	1,318

Note : Offer on Right basis for 17,932 (31st March 2019 : 17,932) Equity Shares of ₹ 10/- each is kept in abeyance as per the provisions of Section 126 of the Act.

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

Particulars	As at 31st March 2020		As at 31st March 2019	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	1,31,76,262	1,318	1,31,76,262	1,318
Issued / Reduction during the year	--	--	--	--
Shares outstanding at the end of the year	1,31,76,262	1,318	1,31,76,262	1,318

(b) Terms / rights attached to Equity Shares

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

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

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

The Company is a subsidiary of Jaya Hind Industries Limited, which holds 57.38 % (31st March 2019 : 57.38%), 75,59,928 (31st March 2019 : 75,59,928) Equity shares in the Company.

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

Name of the Shareholder	As at 31st March 2020		As at 31st March 2019	
	No. of Shares of ₹ 10/- each fully paid	% of Holding	No. of Shares of ₹ 10/- each fully paid	% of Holding
Jaya Hind Industries Limited	75,59,928	57.38%	75,59,928	57.38%

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



Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

15. OTHER EQUITY

	As at 31st March 2020	As at 31st March 2019
I. Reserves and Surplus		
(a) Securities Premium	5,920	5,920
(b) General Reserve		
(i) Opening balance	34,691	34,687
(ii) Add : Transferred from retained earnings	7	6
	<u>34,698</u>	<u>34,693</u>
(iii) Less : Transferred to non-controlling interest	2	2
Closing balance	<u>34,696</u>	<u>34,691</u>
(c) Retained Earnings		
(i) Opening balance	1,50,050	1,37,251
(ii) Net profit for the year	5,027	14,342
(iii) Comprehensive income for the year	100	72
	<u>1,55,177</u>	<u>1,51,665</u>
Adjustments		
(i) Equity Dividend	1,318	1,318
(ii) Tax on Equity Dividend	271	270
(iii) Transfer to General Reserve	7	6
(iv) Share in Cost of issue of shares of Joint Venture	68	15
	<u>1,53,513</u>	<u>1,50,056</u>
Less : Transferred to non-controlling interest	8	6
Closing Balance	<u>1,53,505</u>	<u>1,50,050</u>
II. Equity instruments through Other Comprehensive Income		
Opening Balance	1,342	937
Adjustments		
FVTOCI Equity Investments - change in fair value	(247)	405
Closing Balance	<u>1,095</u>	<u>1,342</u>
Total Other Equity	<u>1,95,216</u>	<u>1,92,003</u>

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

16. FINANCIAL LIABILITIES: BORROWINGS

	As at 31st March 2020	As at 31st March 2019
Non-current		
Term Loan from Banks (Secured)	26,250	23,500
Less : Current maturities of Non-current Borrowings disclosed under the head Current Other Financial Liabilities (Refer Note 17)	7,500	2,937
Total Non-current Borrowings	<u>18,750</u>	<u>20,563</u>
(Refer Note 39 for maturity pattern of Borrowings)		
Current		
Working Capital Loan from Banks (Secured)	4,722	5,087
Total Current Borrowings	<u>4,722</u>	<u>5,087</u>
Total Borrowings	<u>23,472</u>	<u>25,650</u>

- **Term Loan** is secured by hypothecation, by way of exclusive charge on specified plant and machinery, being movable properties, secured as a continuing security for the repayment of term loan together with interest. The term loan is repayable in 16 equal quarterly installments
- **Working Capital Loans** are secured by hypothecation of Company's stock of raw materials, work-in-progress, finished goods, consumable stores, spares, bills receivable and book debts, both present and future. The Fund Based Limits are payable on demand to the Banks.



Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

17. OTHER FINANCIAL LIABILITIES

	As at 31st March 2020	As at 31st March 2019
Current		
(a) Current maturities of Non-current Borrowings (Refer Note 16)		
(i) Term Loan from Banks (Secured)	7,500	2,937
(ii) Deposits matured but not claimed	3	3
(b) Interest on Fixed Deposits		
(i) Accrued and due on Term Loan	184	169
(ii) Accrued and due on unclaimed deposits	--*	--*
(c) Unclaimed dividend	56	55
(d) Creditors for Capital Goods	1,628	1,456
(e) Security deposits	269	242
(f) Other payables	343	400
Total Current Other Financial Liabilities	9,983	5,262

18. PROVISIONS

	As at 31st March 2020	As at 31st March 2019
Non-Current		
(a) Provision for Employee benefits (Refer Note 37)	2,998	3,014
(b) Provision for Product Warranties	51	69
Total Non-current Provisions	3,049	3,083
Current		
(a) Provision for Employee benefits (Refer Note 37)	1,486	1,813
(b) Provision for Product Warranties	273	374
Total Current Provisions	1,759	2,187
Total Provisions	4,808	5,270

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

Movement in Product Warranties	As at 31st March 2020	As at 31st March 2019
Product Warranties		
(a) Opening Balance	443	588
(b) Additional Provision made during the year	255	345
(c) Amount paid during the year	(217)	(257)
(d) Amount written back	(157)	(233)
Closing Balance	324	443

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



Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

19. TRADE PAYABLES

	As at 31st March 2020	As at 31st March 2019
(a) Total outstanding dues of Micro and Small enterprises	40	71
(b) Total outstanding dues of other than Micro and Small Enterprises	57,991	39,459
Total Trade Payables	58,031	39,530

20. OTHER LIABILITIES

	As at 31st March 2020	As at 31st March 2019
Non-current		
Service Coupon Liability	173	157
Total Non-current Other Liabilities	173	157
Current		
(a) Advance and deposits against order	15,215	7,066
(b) Statutory dues	1,032	5,756
(c) Service Coupon Liability	370	425
Total Current Other Liabilities	16,617	13,247
Total Other Liabilities	16,790	13,404

Movement in Service Coupon Liability

	As at 31st March 2020	As at 31st March 2019
Free Service Coupons		
(a) Opening balance	582	682
(b) Additional provisions made during the year	463	482
(c) Amount paid during the year	(413)	(500)
(d) Amount written back	(89)	(82)
Closing balance	543	582

21. NON-CONTROLLING INTEREST (NCI)

	As at 31st March 2020	As at 31st March 2019
Tempo Finance (West) Private Limited		
Non-controlling Interest (%)	33.57%	33.57%
Current Assets	540	512
Current Liabilities	(1)	(1)
Net Assets	539	511
Net Assets attributable to NCI	181	172
Net Profit for the period of Tempo Finance (West) Private Limited	28	26
Net Profit attributable to NCI	10	9



Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

22. REVENUE FROM OPERATIONS

	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Sale of Products	3,05,308	3,62,001
(b) Interest income	39	35
(c) Other Operating Revenue		
(i) Service charges	193	539
(ii) Others	2,512	2,670
Total Revenue from Operations	3,08,052	3,65,245

23. OTHER INCOME

	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Interest income	2,393	2,675
(b) Dividend income from Equity Investments designated at FVTOCI	4	5
(c) Gain on Exchange fluctuation	249	1,132
(d) Industrial Promotion Incentive	--	2,077
(e) Lease / Rental income	313	524
(f) Profit on sale of assets	32	12
(g) Others	1,286	1,737
Total Other Income	4,277	8,162

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

	For the year ended 31st March 2020	For the year ended 31st March 2019
Opening Stock		
(a) Finished Goods	17,008	15,757
(b) Work-in-progress	6,506	4,332
	23,514	20,089
Closing Stock		
(a) Finished Goods	9,527	17,008
(b) Work-in-progress	5,722	6,506
	15,249	23,514
Total Changes in Inventories of Finished Goods and Work-in-progress	8,265	(3,425)

25. EMPLOYEE BENEFITS EXPENSE

	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Salaries, Wages and Bonus	36,836	36,758
(b) Contribution to Provident, Other Funds and Schemes	2,694	2,578
(c) Staff Welfare expenses	1,128	1,200
Total Employee Benefits Expense	40,658	40,536

26. FINANCE COSTS

	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Interest expense	2,682	1,402
(b) Other borrowing costs	47	50
(c) Net interest cost on net defined benefit obligations	56	81
Total Finance Costs	2,785	1,533



Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

27. DEPRECIATION AND AMORTIZATION EXPENSE

	<u>For the year ended 31st March 2020</u>	<u>For the year ended 31st March 2019</u>
(a) Depreciation of Property, Plant and Equipment	15,823	12,702
(b) Amortization of Intangible Assets	3,605	2,365
(c) Depreciation on Investment Property	24	25
Total Depreciation and Amortization Expense	19,452	15,092

28. OTHER EXPENSES

	<u>For the year ended 31st March 2020</u>	<u>For the year ended 31st March 2019</u>
(a) Consumption of Stores and Spares	6,569	7,805
(b) Fabrication and Processing charges	875	770
(c) Power and Fuel	4,725	4,886
(d) Forwarding charges	2,695	3,273
(e) Rent	270	189
(f) Rates and Taxes	176	170
(g) Insurance	585	552
(h) Repairs and Maintenance :		
(i) Plant and Machinery	2,160	2,137
(ii) Buildings	572	388
(iii) Others	214	185
(i) Publicity and Sales promotion	2,305	1,837
(j) Payments to Auditors (Refer details below)	32	33
(k) Donation [Includes donation under Section 182 of the Companies Act, 2013 : ₹ 425 Lakhs (31st March 2019 : ₹ 420 Lakhs)]	861	423
(l) Expenditure on Corporate Social Responsibility (Refer Note 44)	420	460
(m) Miscellaneous Expenses	9,357	9,064
Total Other Expenses	31,816	32,172

Details of payments to Auditors

	<u>For the year ended 31st March 2020</u>	<u>For the year ended 31st March 2019</u>
(a) Audit fees	24	22
(b) Tax Audit fees	1	1
(c) Limited review and Certification work	6	8
(d) Reimbursement of expenses	1	2
Total payments to Auditors	32	33

29. EARNINGS PER SHARE

	<u>For the year ended 31st March 2020</u>	<u>For the year ended 31st March 2019</u>
(a) Profit attributable to Equity Shareholders	5,017	14,333
(b) Weighted average number of Equity Shares used as Denominator	1,31,76,262	1,31,76,262
(c) Basic and Diluted Earnings Per Share of nominal value of ₹ 10/- each : ₹	38.08	108.78

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

30. EXPENDITURE CAPITALIZED

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

31. CONTINGENT LIABILITIES AND COMMITMENTS

	As at 31st March 2020	As at 31st March 2019
(a) Contingent Liabilities		
Claims against the Group not acknowledged as debts		
(i) Taxes and Duties	7,570	2,765
(ii) Others (including Court cases pending)	3,688	3,772
(b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	24,083	23,206
(c) As reported earlier, a foreign company has initiated legal proceedings in a foreign court, in respect of notional and unfounded claims for damages, without there being any enforceable agreement, relating to export business. The Group has obtained opinion from a Senior Counsel, in respect of these alleged claims against the Group. The Group has been advised that such notional / unfounded claims are not as per the applicable law nor these claims, if any, can be enforced in the Court of Law in India. This information is being disclosed as per the provisions of Schedule III to the Companies Act, 2013, only to indicate the alleged claims made against the Group and the developments in respect thereof. Moreover, considering the period lapsed, since the conclusion of the said legal proceedings, the Group does not expect any impact of this litigation on its financial position.		

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

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

	As at 31st March 2020	As at 31st March 2019
(a) The amounts remaining unpaid to Micro and Small Enterprises as at the end of the year	40	71
(i) Principal	--	--
(ii) Interest	--	--
(b) Amount of interest - paid by the Company, accrued and remaining unpaid and amount of further interest remaining due and payable in the succeeding years until such date when the interest dues above are actually paid.	--	--

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

33. FOREIGN EXCHANGE DIFFERENCES

The amount of net exchange differences included in the Profit / Loss for the year on Revenue account is ₹ 342 Lakhs Credit (31st March 2019 : ₹ 1,111 Lakhs Credit) and on Capital account is ₹ 93 Lakhs Debit (31st March 2019 : ₹ 21 Lakhs Credit).

34. EXPENDITURE ON RESEARCH AND DEVELOPMENT

The Group's expenditure on its Research and Development activity during the year under report was as follows :

	As at 31st March 2020	As at 31st March 2019
(a) Capital Expenditure	19,991	14,069
(b) Revenue Expenditure	8,948	6,372

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

As per the Indian Accounting Standard (Ind AS 38) - Intangible Assets, the Group has recognized Intangible Assets, arising out of in-house Research and Development activities of the Group, by capitalising the revenue expenditure, amounting to ₹ 13,574 Lakhs (31st March 2019 : ₹ 8,995 Lakhs).

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



Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

35. LEASES

Operating Leases

As a Lessor

(i) Industrial Shed at Chakan

The Group's industrial property situated at Chakan, Pune, was given on lease for a period of 10 years. The Lessee and the Lessor have mutually agreed to foreclose the Lease and accordingly, the Lessee has vacated the leased premises peacefully in March, 2019, based on the terms and conditions specified in the Memorandum for Foreclosure of Lease.

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

(ii) Freehold land

Out of the freehold land at Akurdi, Pune

2700 sq. mtrs. (cost ₹ 1,374) of land has been given on lease to Maharashtra State Electricity Distribution Company Limited for 99 years, w.e.f. 1st August, 1989. Lease rentals are recognized in the Statement of Profit and Loss.

19,000 sq. mtrs. (cost ₹ 9,669) of land has been given on lease to Navalmal Firodia Memorial Hospital Trust for 25 years, w.e.f. 12th August, 2014. Lease rentals are recognized in the Statement of Profit and Loss.

These land given on lease are not considered as investment property considering the insignificant area and cost of that with respect to total area and cost of freehold land at Akurdi, Pune.

As a Lessee

Leasehold land

The Group has entered into Lease Agreement for industrial land, at Pithampur in Madhya Pradesh. The Group being a lessee may surrender the leased area after giving Lessor 3 months notice period in writing. The lease premium is not refundable to Group in case of early termination of agreement by the Group. The Lessor is also entitled to terminate the Lease Agreement, if the Lessee defaults the terms and conditions of the Lease Agreement. The lease expense has been recognized in the Statement of Profit and Loss.

36. RELATED PARTY DISCLOSURES

I. Names of the related party and nature of relationship where control exists

Name of the Related Party

Nature of relationship

(a) Jaya Hind Industries Limited	Holding Company
(b) Tempo Finance (West) Private Limited	Subsidiary Company
(c) Force MTU Power Systems Private Limited	Joint Venture Company

II. List of other related parties with whom there are transactions in the current year

Name of the Related Party

Nature of relationship

A. Key Management Personnel (KMP)

(a) Abhaykumar Firodia	Chairman
(b) Prasan Firodia	Managing Director
(c) Sudhir Mehta	Director
(d) Pratap Pawar	Director
(e) S. Padmanabhan	Director
(f) Nitin Desai	Director
(g) Dr. Indira Parikh	Director
(h) Arun Sheth	Director
(i) Arvind Mahajan	Director
(j) Lt. Gen. (Retd.) Dr. D. B. Shekatkar	Director
(k) Anant J. Talaulicar	Director
(l) Prashant V. Inamdar	Executive Director (Operations)
(m) Sanjay Kumar Bohra	Chief Financial Officer

B. Other Entities

(a) Jaya Hind Montupet Private Limited	Entity controlled by KMP of Company
(b) Pinnacle Industries Limited	Entity controlled by KMP of Company
(c) Kider (India) Private Limited	Entity controlled by KMP of Company
(d) Bajaj Tempo Limited Provident Fund	Post employment benefit Trust
(e) Sakal Media Private Limited	Entity controlled by KMP of Company
(f) Amar Prerana Trust	Entity controlled by KMP of Company
(g) Navalmal Firodia Memorial Hospital Trust	Entity controlled by KMP of Company
(h) Antardisha	Entity controlled by KMP of Company

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

III. Transactions with Related Parties

Name of Related Party	2019-20		2018-19	
	Amount of transaction during the year	Balance as at 31st March 2020 Receivables / (Payables)	Amount of transaction during the year	Balance as at 31st March 2019 Receivables / (Payables)
A. Holding Company				
Jaya Hind Industries Limited				
(i) Purchase of Capital Goods	937		144	
(ii) Purchase of Raw Materials, Components & Others	7,511		7,760	
(iii) Sundry Sales	412	(2,625)	516	(191)
(iv) Service Charges recovered	74	857	95	307
(v) Processing Charges recovered	46		44	
(vi) Dividend paid	756		1	
(vii) Lease / Rent recovered	374		--	
B. Key Management Personnel				
(a) Remuneration				
(i) Short term employee benefits (including Commission)	657	(285)	753	(363)
(ii) Post employment benefits	31		34	
(iii) Other long-term benefits	42		42	
(b) Others				
(i) Dividend paid	49	--	49	--
(ii) Sitting fees	39	--	34	--
C. Other Entities				
(a) Force MTU Power Systems Private Limited				
(i) Service charges/Expenses recovered	676	316	956	33
(ii) Contribution to Equity	6,630		1,336	
(iii) Royalty for use of Trademark	--*		--	
(b) Jaya Hind Investments Private Limited				
Dividend paid	--	--	749	--
(c) Jaya Hind Montupet Private Limited				
(i) Purchase of Raw Materials, Components & Others	62		83	
(ii) Service Charges recovered	24	(4)	34	(6)
(iii) Processing Charges recovered	2	11	2	29
(iv) Sundry sales	--		2	
(v) Lease / Rent recovered	--*		--	
(d) Pinnacle Industries Limited				
(i) Purchase of Capital Goods	3		418	
(ii) Purchase of Raw Materials, Components & Others	15,032	(782)	14,698	(405)
(iii) Sundry Sales	53	17	69	64
(iv) Lease / Rent recovered	4		--	
(v) Reimbursement of Expenses	2		--	
(vi) Interest received	23		23	
(e) Kider (India) Private Limited				
(i) Purchase of Capital Goods	--	(70)	4	(2)
(ii) Purchase of Raw Materials, Components & Others	121		--	
(f) Bajaj Tempo Limited Provident Fund				
Contribution to Provident Fund	782	(61)	683	(58)
(g) Sakal Media Private Limited				
Publicity charges	--	--	20	--
(h) Amar Prerana Trust				
(i) Training facility utilisation	--	--	32	--
(ii) Sundry sales	--*	--	1	--
(i) Navalmal Firodia Memorial Hospital Trust				
Contribution towards Corporate Social Responsibility	--	--	460	--
(j) Antardisha				
Professional Fees	--	--	26	--

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

37. EMPLOYEE BENEFITS**A. Defined Contribution Plans**

An amount of ₹ 563 Lakhs (31st March 2019 : ₹ 667 Lakhs) is recognized as an expense and included in "Employees Benefits Expense" in the Statement of Profit and Loss.

B. Defined Benefit Plans**(a) The amounts recognized in Balance Sheet are as follows :**

	As at 31st March 2020		As at 31st March 2019	
	Gratuity Plan (Funded)	Provident Fund* (Funded)	Gratuity Plan (Funded)	Provident Fund* (Funded)
(i) Amount to be recognized in Balance Sheet				
Present value of defined benefit obligation	6,414	1,084	5,971	379
Less : Fair value of plan assets	5,629	1,316	4,823	1,291
Amount to be recognized as Liability or (Asset)	785	(232)	1,148	(912)
(ii) Amount to be reflected in Balance Sheet				
Liabilities	785	(232)	1,148	(912)
Assets	--	--	--	--
Net Liability / (Asset)	785	(232)	1,148	(912)

* Not considered in the books, being excess of plan assets over defined benefit obligation.

As the Group is not entitled for any surplus in provident fund scheme, Group has not recorded, any asset for excess of plan assets over provident fund liability.

(b) The amounts recognized in the Statement of Profit and Loss are as follows :

	As at 31st March 2020		As at 31st March 2019	
	Gratuity Plan (Funded)	Provident Fund* (Funded)	Gratuity Plan (Funded)	Provident Fund* (Funded)
(i) Employee Benefits Expense				
Current service cost	543	66	458	19
(ii) Acquisition (Gain) / Loss	--	--	27	--
(iii) Finance cost				
Net Interest (Income) / Expenses	56	(69)	81	(77)
Transfer in / (out)	(9)	--	--	--
Net periodic benefit cost recognized in the Statement of Profit and Loss	590	(3)	566	(58)

* Not considered in the books, being excess of plan assets over defined benefit obligation.

(c) The amounts recognized in the statement of Other Comprehensive Income (OCI)

	As at 31st March 2020		As at 31st March 2019	
	Gratuity Plan (Funded)	Provident Fund* (Funded)	Gratuity Plan (Funded)	Provident Fund* (Funded)
(i) Opening amount recognized in OCI outside Statement of Profit and Loss	--	--	--	--
(ii) Re-measurements for the year - obligation (Gain) / Loss	(168)	610	(71)	201
(iii) Re-measurements for the year - plan assets (Gain)/Loss	12	73	(40)	(69)
(iv) Total re-measurements cost / (credit) for the year recognized in OCI	(156)	683	(111)	132
(v) Less : Accumulated balances transferred to Retained Earnings	(156)	683	(111)	132
Closing balances [re-measurements (Gain) / Loss recognized in OCI]	--	--	--	--

* Not considered in the books, being excess of plan assets over defined benefit obligation.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

(d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :

	As at 31st March 2020		As at 31st March 2019	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
(i) Present value of obligation as at the beginning of the year	5,971	379	5,318	147
(ii) Acquisition adjustment	--	--	291	--
(iii) Transfer in / (out)	(14)	--	--	--
(iv) Interest expenses	440	29	402	12
(v) Past service cost	--	--	--	--
(vi) Current service cost	543	66	458	19
(vii) Curtailment cost / (credit)	--	--	--	--
(viii) Settlement cost / (credit)	--	--	--	--
(ix) Benefits paid	(358)	--	(427)	--
(x) Re-measurements on obligation - (Gain) / Loss	(168)	610	(71)	201
Present value of obligation as at the end of the year	6,414	1,084	5,971	379

(e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows :

	As at 31st March 2020		As at 31st March 2019	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
(i) Fair value of the plan assets as at beginning of the year	4,823	1,291	3,949	1,133
(ii) Acquisition adjustment	--	--	264	--
(iii) Transfer in/(out)	(5)	--	--	--
(iv) Interest income	384	98	321	89
(v) Contributions	805	--	682	--
(vi) Mortality charges and taxes	(10)	--	(7)	--
(vii) Benefits paid	(356)	--	(426)	--
(viii) Amount paid on settlement	--	--	--	--
(ix) Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	(12)	(73)	40	69
Fair value of plan assets as at the end of the year	5,629	1,316	4,823	1,291
Actual return on plan assets	372		362	

(f) Net interest (Income) / Expenses

	As at 31st March 2020		As at 31st March 2019	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
(i) Interest (income) / expense – obligation	440	29	402	12
(ii) Interest (income) / expense – plan assets	(384)	(98)	(321)	(89)
Net interest (income) / expense for the year	56	(69)	81	(77)

Basis used to determine the overall expected return

The net interest approach effectively assumes an expected rate of return on plan assets equal to the beginning of the year discount rate. Expected return of 7.60% has been used for the valuation purpose.



Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

(g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

Gratuity	As at 31st March 2020	As at 31st March 2019
(i) Discount rate	6.70%	7.60%
(ii) Expected return on plan assets	7.60%	7.80%
(iii) Salary growth rate *	8%	10%
(iv) Attrition rate - for Bargainable Staff	10%	10%
(v) Attrition rate - others	2%	2%

* The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Provident Fund	As at 31st March 2020	As at 31st March 2019
(i) Discount rate	6.70%	7.60%
(ii) Interest rate	8.65%	8.65%
(iii) Yield spread	0.50%	0.50%
(iv) Attrition rate - for Bargainable Staff	10%	10%
(v) Attrition rate - others	2%	2%

Sensitivity analysis

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present Value of Obligation (PVO). Sensitivity analysis is done by varying (increasing/decreasing) one parameter by 50 / 100 basis points (0.50 / 1%).

(h) Change in assumption

	As at 31st March 2020		As at 31st March 2019	
	Gratuity	Provident fund	Gratuity	Provident fund
(i) Discount rate				
Increase by 1%	6,043	--	5,614	--
Decrease by 1%	6,829	--	6,371	--
Increase by 0.5%	--	764	--	114
Decrease by 0.5%	--	1,419	--	657
(ii) Salary increase rate				
Increase by 1%	6,760	--	6,303	--
Decrease by 1%	6,098	--	5,668	--
(iii) Withdrawal rate				
Increase by 1%	6,390	--	5,929	--
Decrease by 1%	6,441	--	6,018	--
(iv) Expected future interest rate of Provident Fund				
Increase by 1%	--	--	--	--
Decrease by 1%	--	--	--	--
Increase by 0.5%	--	1,386	--	644
Decrease by 0.5%	--	781	--	114

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

38. FINANCIAL INSTRUMENTS - FAIR VALUES
Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities with its classification.

	Carrying value		Fair Value	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
Financial Assets				
(a) Fair value through Other Comprehensive Income (FVTOCI)				
Equity Investments	1,129	1,395	1,129	1,395
(b) Amortized cost				
Trade Receivables	16,872	16,652	16,872	16,652
Loans- Security Deposits	1,716	1,713	1,716	1,713
Other Financial Assets	14,536	32,006	14,536	32,006
Cash and Cash equivalents	6,640	428	6,640	428
Other Bank Balances	220	93	220	93
Total	41,113	52,287	41,113	52,287
Financial Liabilities				
Amortized cost				
Non-current Borrowings	18,750	20,563	18,750	20,563
Current Borrowing	4,722	5,087	4,722	5,087
Trade Payable	58,031	39,530	58,031	39,530
Other Financial Liabilities	9,983	5,262	9,983	5,262
Total	91,486	70,442	91,486	70,442

The following methods and assumptions were used to estimate the fair values :

The fair values of Trade Payables, Trade Receivables, Cash and Cash equivalents and other Bank Balances, are reasonable approximation of fair value due to the short-term maturities of these instruments.

Allowance for credit loss on Trade Receivables, is taken into account, on the basis of credit worthiness of the customer individual.

Borrowings represents Working Capital Loan and Term Loan from Banks obtained at market rates of interest available for debt on similar terms, credit risk and remaining maturities. As of reporting date, the fair value of borrowings is measured at amortized cost, which is reasonable approximation of fair value.

Fair value hierarchy and valuation techniques used
(a) Financial Assets and Liabilities measured at fair value

	Level	31st March 2020	31st March 2019
Financial Assets			
FVTOCI Investments - Quoted	Level 1	1,124	1,390
FVTOCI Investments - Unquoted	Level 3	5	5
Total		1,129	1,395

(b) Financial Assets and Liabilities measured at amortized cost for which fair value is disclosed

	Level	31st March 2020	31st March 2019
Financial Assets measured at amortized cost			
Loans - Security Deposits	Level 2	1,716	1,713
Other Financial Assets	Level 2	14,536	32,006
Total		16,252	33,719

(c) Financial Liabilities measured at amortized cost

	Level	31st March 2020	31st March 2019
Financial Liabilities measured at amortized cost			
Non-current Borrowings	Level 2	18,750	20,563
Current Borrowings	Level 2	4,722	5,087
Other Financial Liabilities	Level 2	9,983	5,262
Total		33,455	30,912

The fair values disclosed in level 2 category are calculated using discounted cash flow method. These fair values reasonably approximate to the carrying values of financial assets and liabilities measured at amortized cost.

During the year ended 31st March 2020, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurement.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

39. FINANCIAL RISK MANAGEMENT**Financial Risk Management Policy and Objectives**

The Group's principal financial liabilities comprise of Borrowings, Trade and Other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include Trade and Other receivables, Cash and Cash equivalents and Deposits, which are derived directly from its operations.

Group is exposed to market risk, credit risk and liquidity risk.

The management of these risks is overseen by the senior management, which is advised by a team of senior officials. The Risk Management team oversees the policies and systems, on a regular basis to reflect changes in market conditions and Group's activities and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Board of Directors reviews and agrees policies for managing each of these risk is summarized below :

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and Cash equivalents, Trade Receivables, Financial Assets measured at amortized cost	Aging analysis Credit ratings [Refer Note 39 (a)]	Diversification of Deposits, Credit Limits and Letters of Credit, Sales on cash basis
Liquidity risk	Borrowings and Other Financial Liabilities	Cash flow forecasts [Refer Note 39 (b)]	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognized Financial Assets and Liabilities not denominated in Indian Rupee	Cash flow forecasting Sensitivity analysis (Refer Note 40)	Group's net forex exposure is covered by natural hedge
Market risk - interest rate	Loans and advances on Cash Credit Account and Term Loan from Bank	Cash flow forecasting & Sensitivity analysis	Group uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements
	As the borrowings were at fixed rate of interest the Group is not exposed to interest rate risk.		
Market risk - equity prices	Investments in Equity Securities	Sensitivity analysis [Refer Note 39 (c)]	Portfolio diversification
Commodity risk	Procurement of steel and other metals	Budgeted consumption & its impact on finished product	A well controlled review process is in place for analyzing the price trend and market intelligence and accordingly the procurement strategy is adopted. The overall exposure is not material.

(a) Credit Risk

The table summarises aging of Trade Receivable

	Not due	Less than 6 months	More than 6 months	Total
As at 31st March 2020				
Gross Carrying Amount	9,630	6,689	593	16,912
Allowance for doubtful debts	--	--	(40)	(40)
Net	9,630	6,689	553	16,872
As at 31st March 2019				
Gross Carrying Amount	12,502	3,771	419	16,692
Allowance for doubtful debts	--	--	(40)	(40)
Net	12,502	3,771	379	16,652

The Cash and Cash equivalents are held with Banks and financial institutions counter-parties with an external rating of "AAA". Thus, the Group considers that its Cash and Cash equivalents have low credit risks.

(b) Liquidity Risk

The table summarises the maturity profile of Group's Financial Liabilities based on contractual un-discounted payments.

As at 31st March 2020					
	Carrying amount	On Demand	Less than 6 months	More than 6 months	Total
Interest bearing borrowings	30,972	4,722	3,750	22,500	30,972
Other Financial Liabilities	2,483	59	2,155	269	2,483
Trade and Other Payables	58,031	--	58,031	--	58,031

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

As at 31st March 2019					
	Carrying amount	On Demand	Less than 6 months	More than 6 months	Total
Interest bearing borrowings	28,587	5,087	--	23,500	28,587
Other Financial Liabilities	2,325	58	2,025	242	2,325
Trade and Other Payables	39,530	--	39,530	--	39,530

(c) Market Risk : Equity Price Risk

At the reporting date, the exposure to unquoted equity securities at fair value was ₹ 5 Lakhs.

At the reporting date, the exposure to quoted equity securities at fair value was ₹ 1,390 Lakhs. A decrease / increase of 15% on the Bank Nifty market index could have an impact of approximately ₹ 122 Lakhs on the OCI or equity attributable to the Group. These changes would not have an effect on profit or loss.

40. FOREIGN CURRENCY SENSITIVITY ANALYSIS

Currency	Net exposure in foreign currency		Net exposure in INR	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
USD	(11,15,815)	(2,19,718)	(837)	(151)
EUR	49,29,705	1,04,59,191	4,154	8,229
JPY	15,36,03,480	25,53,480	1,084	16
GBP	2,675	--	3	--

Currency	Sensitivity %	Impact on profit (strengthening)*		Impact on profit (weakening)*	
		As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
USD	5%	42	8	(42)	(8)
EUR	5%	(208)	(411)	208	411
JPY	5%	(54)	(1)	54	1
GBP	5%	--	--	--	--
		(220)	(404)	220	404

(* Strengthening / weakening of foreign currency)

41. CAPITAL MANAGEMENT

The Group's capital includes issued Equity Capital, Share Premium and Free Reserves.

The Group's policy is to meet the financial covenants attached to the interest-bearing borrowings by maintaining a strong capital base. The Group aims to sustain investor, creditor and market confidence so as to leverage such confidence for future capital/debt requirements.

Management monitors the return on capital earned, the capital/debt requirements for various business plans under consideration and determines the level of dividends to equity shareholders.

No changes were made in the objectives, policies or processes for managing capital during the financial years ended on 31st March 2020 and 31st March 2019.

Particulars	As at 31st March 2020	As at 31st March 2019
Total Shareholder's Equity as reported in Balance Sheet	1,96,715	1,93,493
Net Debt :		
Short term debt	4,722	5,087
Long term debt (including current portion of long term debt)	26,250	23,500
Gross Debt :	30,972	28,587
Less : Cash & Bank Balances	6,860	521
Net Debt / (Net Cash and Bank balance)	24,112	28,066



Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

42. DIVIDEND

The Board of Directors has recommended payment of dividend of ₹ 10/- per fully paid Equity Shares (31st March 2019 : ₹ 10/-). This proposed dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting. This dividend is not recognized in the books of account at the end of the reporting period.

43. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

All amounts which became due, for transfer to the credit of Investor Education and Protection Fund, as of 31st March 2020, have been transferred to that fund, except a sum of ₹ 0.60 Lakh (31st March 2019 : ₹ 0.60 Lakh) being amount of 5 Nos. (31st March 2019 : 5 Nos.) fixed deposits and interest thereon amounting to ₹ 0.25 Lakh (31st March 2019 : ₹ 0.25 Lakh). In view of the directives received from the Government Authorities, these amounts are not transferred to the Fund, being involved in an investigation.

44. The Group has spent ₹ 420 Lakhs (31st March 2019 : ₹ 460 Lakhs) towards Corporate Social Responsibility (CSR), which is shown in "Other Expenses" [Note No.28 (I)] to the Notes to Financial Statements.

(a) Gross amount required to be spent by the Group during the year ₹ 419 Lakhs.

(b) Amount spent during the year on :

Description	In Cash	Yet to be paid in Cash	Total
Promotion of Education	420	--	420
Total	420	--	420

45. An exceptional item represents the reversal of accruals towards incentive receivable, under the Madhya Pradesh Industrial Investment Promotion Assistance Scheme, 2010, as were made during the previous years.

However, after the implementation of the GST regime, in the absence of clear guidelines from the State Authorities in the subject matter, as a precautionary measure, the Group has reversed the accruals made during the earlier years.

The Group proposes to take up the matter with the State Authorities. Appropriate accounting treatment will be given, for actual receipts, if any, in future.

46. The outbreak of COVID-19 pandemic, has already had a very adverse effect on the operations of the Group. It has severely impacted the revenue and profitability, already during the last quarter of the year ended on 31st March 2020.

The impact of COVID-19 is expected to be continued for several quarters. The assessment will have to be a continuing process, given the uncertainties associated with its nature and duration.

The management of the Group will closely monitor the unfolding developments and implement appropriate counter measures to shore up operations. Based on own information, and market intelligence, will arrive at its estimates of total impact from time to time.

47. ADDITIONAL INFORMATION AS REQUIRED BY SCHEDULE III OF THE COMPANIES ACT, 2013

Name of the entity	Net Assets		Share of Profit or Loss		Share of Comprehensive Income		Share of Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated Profit or Loss	Amount	As a % of consolidated Comprehensive Income	Amount	As a % of consolidated Total Comprehensive Income	Amount
Force Motors Limited	96.34	1,89,256	116.62	5,558	99.32	(146)	117.17	5,412
Indian Subsidiary :								
Tempo Finance (West) Pvt. Ltd.	0.18	358	0.40	19	0.00	--	0.41	19
Non Controlling Interest (Indian Minority)	0.09	181	0.21	10	0.00	--	0.22	10
Indian Joint Venture :								
Force MTU Power Systems Pvt. Ltd.	3.39	6,660	(17.23)	(821)	0.68	(1)	(17.80)	(822)
Total	100.00	1,96,455	100.00	4,766	100.00	(147)	100.00	4,619

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Lakhs, unless otherwise stated)

48. INVESTMENT IN JOINT VENTURE
Interest in Joint Venture

Force Motors Limited has 51% interest in Force MTU Power Systems Private Limited (FMTU). FMTU is a private entity that is not listed on any public exchange.

Following table illustrates the summarized financial information of the Group's investment in FMTU :-

Particulars	As at 31st March 2020	As at 31st March 2019
Current Assets	9,709	1,204
Non-current Assets	8,694	896
Current Liabilities	5,284	276
Non-current Liabilities	60	22
Revenue	360	49
Net Income / (Loss)	(1,609)	(786)
Other Comprehensive Income	(2)	(3)
Total Comprehensive Income / (Loss)	(1,611)	(789)
The above net income includes;		
Sale of products	150	--
Interest Income	188	36
Cost of material consumed	268	--
Employee Benefits Expense	652	450
Other Expenses	1,245	687
Income Tax Expenses (credit)	(111)	(302)
Net Assets of the Joint Venture	13,058	1,803
Proportion of the Company's interest in Joint Venture	6,659	919

49. The Group is operating in a Single Segment.

50. Previous year's figures have been re-grouped, re-arranged and re-classified wherever necessary.

As per our separate report of even date.

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

Suhas Deshpande
 Partner
 Membership No. 031787

 Place : Pune
 Date : 29th June 2020

Sanjay Kumar Bohra
 Chief Financial Officer

Kishore P. Shah
 Company Secretary

On behalf of the Board of Directors

Prasan Firodia
 Managing Director

Prashant V. Inamdar
 Executive Director

 Place : Pune
 Date : 29th June 2020



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